Interim Report
at 30 September 2012

Board of Directors
14 November 2012

iren

IREN S.p.A.
Via Nubi di Magellano, 30 - 42123 Reggio Emilia
Share capital, fully paid up: Euro 1,276,225,677.00
Reggio Emilia Register of Companies no. 07129470014
Tax code and VAT no. 07129470014

Contents

KEY FIGURES OF THE IREN GROUP

	First 9 months 2012	First 9 months 2011 (*)	% Change
Income Statement figures (*millions of euro)*			
Revenue	3,146	2,360	+33.3
Gross operating profit	415	407	+1.9
Operating profit	206	215	(3.8)
Profit before tax	140	179	(22.0)
Consolidated profit/(loss) for the period	75	101	(25.3)
Statement of financial position figures (*millions of euro*)	*At 30/09/2012*	*At 31/12/2011*	
Net invested capital	4,504	4,497	+0.2
Equity	1,887	1,845	+2.3
Net financial position	(2,617)	(2,652)	(1.3)
Financial/economic indicators	*First 9 months 2012*	*First 9 months 2011*	
GOP/Revenue	13.18%	17.24%	
Debt/Equity	1.39	1.44	
Technical and trading figures	*First 9 months 2012*	*First 9 months 2011*	
Electrical energy sold (GWh)	12,900	10,134	27.3
Heat energy produced (GWh_t)	1,852	1,571	17.9
District heating volume (mln m^3)	73	67	8.7
Gas sold (mln m^3)	2,376	1,937	22.6
Water distributed (mln m^3)	133	138	(3.7)
Waste handled (tons)	694,592	769,674	(9.8)

(*) The figures are restated to reflect the recognition of Sasternet under assets held for sale

IREN is a multiutility company listed on the Italian Stock Exchange, established on 1 July 2010 as a result of the merger of IRIDE and ENÌA. It operates in the sectors of electricity (production, distribution and sale), heat (production, carriage and sale), gas (distribution and sale), integrated water services, waste management services (collection and disposal of waste) and services for public administration.

IREN is structured as an industrial holding with main corporate offices in Reggio Emilia, operating units in Genoa, Parma, Piacenza, and Turin, and it has other companies in charge of the individual business lines. The holding company handles strategic, development, coordination and control activities, while the five operating companies ensure the coordination and development of business lines as follows:

- IREN Acqua Gas - integrated water services;
- IREN Energia - production of electricity and heat and provision of technological services;
- IREN Mercato - sale of electricity, gas and district heating;

- IREN Emilia - gas, waste collection, waste management and treatment and the management of local services;
- Iren Ambiente - design and management of waste treatment and disposal plants, as well as management of heat production plants for district heating on the Emilia territory.

Production of electrical energy: thanks to a considerable number of electrical and heat energy plants for district heating production, the overall production capacity is over 7,400 GWh/year, including the portion ensured by Edipower.

Gas distribution: through its 8,800 km network, Iren serves over a million customers.

Electrical Energy Distribution: with over 7,400 km of medium and low voltage networks, the Group distributes electrical energy to over 710,000 customers in Turin and Parma.

Integrated water service: with over 14,000 km of aqueduct networks, 7,868 km of sewerage networks and 813 treatment plants, Iren provides services to over 2,400,000 residents.

Waste management cycle: with 122 equipped ecological stations, 2 waste-to-energy plants and 2 landfills, the group serves 111 municipalities for a total of over 1,200,000 residents.

District heating: through 821 km of dual-pipe underground networks the IREN Group supplies heating for an overall volume of over 73 million m^3, equivalent to a population served of over 550,000 individuals.

Sales of gas, electrical energy and heat energy: the group currently sells over 3.1 billion m^3 of gas per year, more than 12,000 GWh_e of electrical energy and 2,840 GWh_t of heat for district heating through the network.

COMPANY OFFICERS

Board of Directors

Chairman	Roberto Bazzano [1]
Deputy Chairman	Luigi Giuseppe Villani[2]
CEO	Roberto Garbati [3]
Managing Director	Andrea Viero [4]
Directors	Franco Amato [5]
	Paolo Cantarella [6]
	Gianfranco Carbonato [7]
	Alberto Clò [8]
	Marco Elefanti [9]
	Ernesto Lavatelli [10]
	Ettore Rocchi
	Alcide Rosina [11]
	Carla Patrizia Ferrari [12]

Board of Statutory Auditors

Chairman	Paolo Peveraro
Standing auditors	Anna Maria Fellegara
	Aldo Milanese
Substitute auditors	Alessandro Cotto
	Emilio Gatto

Manager in charge of financial reporting

Massimo Levrino

Independent Auditors

PricewaterhouseCoopers S.p.A.

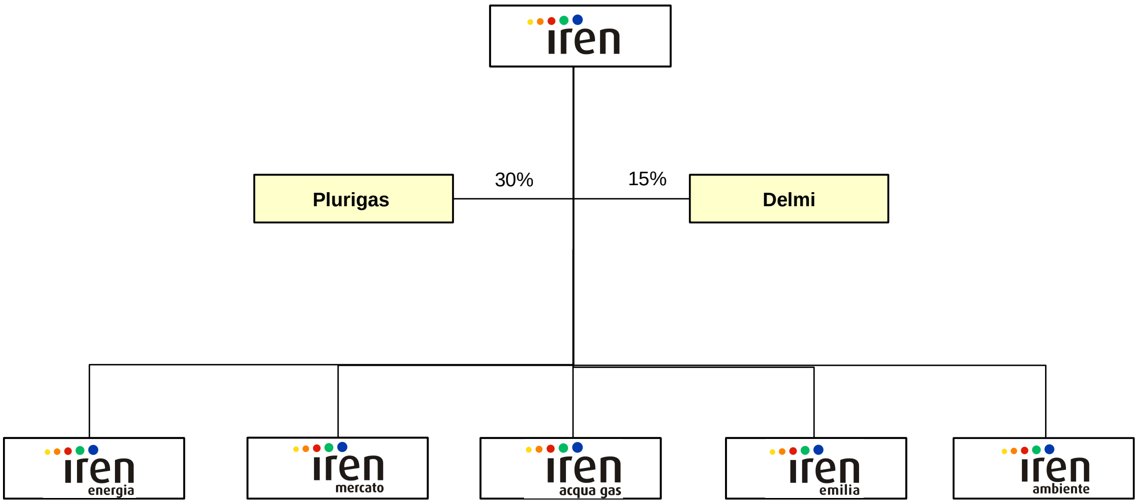
[1] [2] [3] [4] Members of the Executive Committee
[5] Member of the Remuneration Committee and Chairman of the Internal Control Committee
[6] Chairman of the Remuneration Committee
[7] Member of the Supervisory Body
[8] [11] Member of the Internal Control Committee
[9] Chairman of the Supervisory Body
[10] Member of the Remuneration Committee and of the Supervisory Body
[12] Coopted to the Board of Directors on 18 June 2012 following the resignation of Director Enrico Salza on 22 May 2012.

MISSION AND VALUES OF THE IREN GROUP

For the IREN Group, sustainable development, energy efficiency and protection of the environment, together with technological innovation and a particular focus on the territories in which it operates, constitute fundamental characteristics.

Protecting the environment, limiting energy consumption, innovation, promoting economic and social development in its operating territories, guaranteeing customer satisfaction, quality and safety, creating value for shareholders and enhancing and increasing staff skills and know-how are specific values that the IREN Group intends to pursue.

IREN GROUP: CORPORATE STRUCTURE



Delmi controls 70% of the share capital of Edipower, which in turn is 10% controlled by Iren Energia.

The flowchart illustrates the main investee companies of IREN Holding.

IREN ENERGIA

Cogeneration production of electrical and heat energy

Iren Energia's installed capacity totals approximately 2,800 MW, of which around 1,900 MW is generated directly and around 900 MW through the investees Edipower and Energia Italiana. Specifically, Iren Energia owns 20 electrical energy production plants: 12 hydroelectric plants and 8 thermoelectric cogeneration plants, for a total capacity of approximately 1,800 MW of electrical energy and 2,300 MW of heat energy, of which 900 MW through cogeneration. All primary energy sources used – hydroelectric and cogeneration – are completely eco-compatible. The hydroelectric production plant plays a particularly important role in environmental protection as it uses a renewable and clean resource which does not emit pollutants. Hydroelectric energy reduces the need to turn to other forms of production that have a greater environmental impact. Environmental protection is a corporate priority for Iren Energia, which has always maintained that the development of hydroelectric production systems, in which it invests heavily each year, is one of the main ways to safeguard the local environment. Iren Energia's total heat production capacity is equal to 2,300 MWt, of which 40% is generated by Group-owned cogeneration plants, while the remainder comes from conventional heat generators. Heat production in the first nine months of 2012 was approximately 1,852 GWh_t, with a district heating volume of over 73 million m^3.

Distribution of electrical energy

Through its subsidiary AEM Torino Distribuzione, Iren Energia distributes electrical energy to the entire metropolitan areas of Turin and Parma (around 1,094,000 residents). In the first nine months of the year the electrical energy distributed was equal to around 3,214 GWh, of which 2,490 GWh in Turin and 724 GWh in Parma.

Gas distribution and district heating

The district heating and gas distribution activities in the city of Turin are carried out by AES Torino (51% controlled by Iren Energia), which owns one of the largest district heating networks in the whole of Italy (approximately 463 km of dual-piping). The gas network, which extends over 1,330 km, serves roughly 500,000 end customers.

IREN Energia also holds the district heating network of Parma, Reggio Emilia and Piacenza which covers approximately 312 km.

Lastly, Nichelino Energia - Iren Energia (67%), AES Torino (33%) - aims to develop district heating in the town of Nichelino.

Services to Local Authorities and Global Service

Iride Servizi provides Turin with street lighting services, traffic light management, heating and electrical systems management in municipal buildings, global technology service management of the Turin Court House and facility management for the Group. The electronic infrastructures and connections in the cities of Turin and Genoa are managed by the subsidiaries AemNet and SasterNet, respectively. SasterNet was sold at the beginning of August as commented in paragraph V below.

IREN MERCATO

Through IREN Mercato the Group operates in the electrical energy, gas and heat marketing sectors, acts as fuel provider to the Group, performs energy efficiency certificate, green certificate and emission trading, provides customer management services to Group companies and supplies heat services and heat sales through the district heating network.

Iren Mercato operates at national level with a higher concentration of customers served in the North of Italy. The company supplies electrical energy directly, through associates - where present in the area - or through agency contracts with brokers – to customers associated with certain sector categories and to large customers connected with a number of Industrial Associations.

The main power sources available to Iren Mercato operations are the thermoelectric and hydroelectric plants of Iren Energia S.p.A. Through tolling agreements Iren Mercato also has access to electrical energy produced by Edipower plants. Note that until 23 May 2012 the share available to Iren Mercato was 10%, whereas this rose to 23% from 24 May 2012.

The Group also sells heat management services and global services both to private entities and public authorities. Development has focused on the chain related to the management of air conditioning systems in buildings for residential and service use by means of energy service agreements, also through subsidiaries and investee companies. This contractual model guarantees long-term customer loyalty, with consequent maintenance of the natural gas supplies which constitute one of the core businesses of Iren Mercato.

Sale of natural gas

Total volumes of natural gas procured in the first nine months of the year were approximately 2,376 million m^3 of which approximately 1,269 million m^3 were sold to customers outside the Group, 158 million m^3 were used in the production of electrical energy for tolling contracts with Edipower and 851 million m^3 were used within the IREN Group both for the production of electrical and heat energy and for the provision of heating services, whilst 98 million m^3 of gas remained in storage.

Sale of electrical energy

During the first nine months of 2012, a total volume of 12,900 GWh was sold, net of distribution losses.

A cluster analysis of end customers is provided below.

Free market and power exchange:
Total volumes sold to end customers and wholesalers amount to 8,437 GWh (5,687 GWh in the corresponding period of 2011), while the volumes traded on the power exchange amounted to 3,701 GWh (3,659 GWh in the period January-September 2011).
In the first nine months of the year the availability of electrical energy from internal Iren Group production (IREN Energia) increased by approximately 7% compared to the corresponding period in 2011 to reach 4,529 GWh (4,260 GWh in the first nine months of 2011). The volumes from Edipower tolling amount to 1,043 GWh compared to 1,084 GWh in the first nine months of 2011. Less recourse was made to external sources such as the power exchange gross of energy bought and sold (3,895 GWh compared to 3,379 GWh in the first nine months of 2011) and wholesalers, including ERG (3,091 GWh compared to 845 GWh in the corresponding period of 2011).
The remaining part of sold volumes mainly refers to infragroup transactions and distribution losses.

Former non-eligible market:
Total customers managed by Iren Mercato in the higher protection segment were around 379,360 at the end of September 2012. The total volumes sold amounted to 762 GWh.

Sale of heat energy through the district heating network
Iren Mercato handles heat sales to district heating customers in the municipalities of Genoa, through the CAE, Turin, Nichelino and in the provinces of Reggio Emilia, Piacenza and Parma.
This entails the supply of heat to customers already on the district heating network, customer relations management and the control and management of substations powering the heating systems in buildings served by the network. The heat sold to customers is supplied by Iren Energia S.p.A. under trading conditions that guarantee adequate remuneration.
At the end of September 2012 the district heating volumes in the Piedmont area amounted to around 51 million m^3, corresponding to over 450,000 residents, i.e. 40% of Turin's inhabitants, whilst in the Genoa area around 3.4 million m^3 and in the Emilia region approximately 18.7 million m^3 of district heating were delivered.

Heat service management
The results take into consideration the gradual closing out of institutional contracts that are reaching their natural expiry.
The contract with the Liguria Regional Government is also operative with regard to the management of energy services in hospitals and health authority premises in which, through CAE (Global Services) and the Climatel and OCCLIM specialist companies, a number of important operational management and maintenance contracts were managed. Iren Mercato is the supplier of energy services to this initiative. A similar initiative was launched with A2A in the Lazio region ATI.

IREN ACQUA GAS

Integrated Water Services
First-level company IREN Acqua Gas manages the water services in the provinces of Genoa, Parma, Reggio Emilia and Piacenza, both directly and through the operating subsidiaries Mediterranea delle Acque and Idrotigullio and through the investee Am.Ter. In particular, from July 2004 it assumed the role of market operator for the Genoa District, and from 1 July 2010

management of the water division for the Reggio Emilia and Parma areas was granted to Iren Acqua Gas as part of the Iride-Enìa merger.
From 1 October 2011, as a result of transfer of the water services business transferred from Iren Emilia, IREN Acqua Gas extended its management to the Piacenza District.
Through its own organisation, Iren Acqua Gas reaches a total of 177 municipalities serving over 2 million residents through its managed ATOs [Ambito Territoriale Ottimale] (Genoa, Reggio Emilia, Parma and Piacenza).
In the first nine months of 2012, both directly and through its subsidiaries Iren Acqua Gas sold approximately 133 million m³ of water in the areas managed, through a distribution network of over 14,000 km. In regard to waste water, it manages a sewerage network spanning approximately 7,700 km.

Gas Distribution
Through its subsidiary Genova Reti Gas, Iren Acqua Gas distributes methane gas in the municipality of Genoa and in another 19 surrounding municipalities, for a total of around 350,000 end customers. The distribution network comprises about 1,800 km of network of which about 418 km is medium pressure and the rest low pressure. The area served covers around 571 sq. km and is characterised by an extremely complex chorography with considerable changes in altitude. Natural gas arriving from the domestic transport pipelines transits through 7 interconnected reception cabins owned by the company and is introduced into the local distribution network. Thanks to innovative technologies for the laying and maintenance of networks, ordinary maintenance can be performed while reducing time, costs and inconvenience to residents to a minimum.
The distribution service is also provided to the Grosseto catchment area through the subsidiary Gea S.p.A.
Through its subsidiaries Iren Acqua Gas distributed 271 million m³ of gas during the year.

Special technological services/research
Through its Saster and SasterPipe Divisions, Genova Reti Gas s.r.l. is able to offer network engineering services to the market (IT, modelling, simulation) and upgrading of technological networks with no-dig technologies, of which the company has exclusive know-how. In order to specifically promote and organise scientific and cultural initiatives to safeguard environmental and water resources and to provide optimum network management services, in 2003 the Fondazione AMGA Onlus was also created. The foundation promotes and implements research, training and information projects, and provides support to action taken by other entities in relation to environmental protection and the organisation of public utility services.

IREN EMILIA

Iren Emilia operates in the gas distribution, waste collection and waste management sectors and coordinates the operations management activities of Emilia Romagna area companies for the integrated water cycle, electricity and district heating networks and other minor businesses (public lighting, public parks management, etc.).
Iren Emilia manages the natural gas distribution for 72 of the 140 municipalities in the provinces of Reggio Emilia, Parma and Piacenza. The company manages almost 5,900 km of high, medium and low pressure distribution networks with a designed maximum collection capacity of 726,879 SCMH.
Iren Emilia is active in the waste management service sector in the Piacenza, Parma and Reggio Emilia provinces, serving a total 116 municipalities and 1,129,000 inhabitants in these areas. In line with its sensitive approach to environmental protection and sustainable development, Iren Emilia has implemented widespread separate waste collection systems which, also through the

management of over 122 equipped ecological stations, has allowed the area served to achieve a 59% improvement in results.
In particular, the company performs urban waste collection, street cleaning, snow clearing, cleaning and maintenance of parks and urban green areas, and dispatches recyclable waste to the correct chains for transformation into raw materials or renewable energy. Through Iren Ambiente, an IREN Group company, it ensures that waste collection takes place in such a way as to preserve and safeguard the environment and studies aspects of the waste collection problem, increasing its knowledge of technologies that are more innovative and “environmentally safe” than those used at present. It also carries out operations management of the integrated water service (aqueduct, purification and sewerage) in the provinces of Parma, Piacenza and Reggio Emilia. This activity refers to a total network of 12,157 km of aqueduct networks, 6,673 km of sewerage networks, 467 waste water pumping systems and 775 purification plants, both biological treatment plants and Imhoff tanks, distributed across 110 Municipalities.
The operations management of the district heating network is carried out in the cities of Reggio Emilia, Parma and Piacenza and refers to a total network spanning almost 312 km that serves a volume of 18,453,000 m^3. Operations management of the electrical energy distribution network is carried out in the city of Parma for 2,349 km of network and 124,000 delivery points to end customers.

IREN AMBIENTE

Waste Management segment

Whether directly or through investees, Iren Ambiente performs the collection, treatment, storage, recovery and recycling of urban and special waste, energy recovery (heat and electrical energy) through waste-to-energy (WtE) transformation and the operation of plants for the production of bio gas in the provinces of Parma, Reggio Emilia and Piacenza. Iren Ambiente manages a significant customer portfolio to which it provides services for the disposal of special waste and it performs the treatment, selection, recovery and final disposal of urban waste collected by Iren Emilia S.p.A.
The non-separated portion of waste collected is disposed of in various ways as part of research into the best use of waste through an industrial process involving mechanical selection to reduce the percentage destined to WtE conversion and disposal in landfills. Iren Ambiente handles over 1,000,000 tons of waste per year in 12 treatment, selection and storage plants, 2 waste-to-energy plants (Piacenza and Reggio Emilia), 1 landfill (Poiatica - Reggio Emilia) and 2 composting plants (Reggio Emilia). A new Parma Integrated Environmental Hub (IEH) is under construction, due to become operative by the end of 2012, which will include a selection and WtE plant. On 12 May, the expiry date of the related authorisation, the waste-to-energy plant in Reggio Emilia ceased operations as planned.

Production of electrical energy from renewable sources

Iren Ambiente is also active in the production of electrical energy from renewable sources through various projects focusing mainly on the photovoltaic sector. Plants totalling 5MW have been constructed in Apulia (through the subsidiary Enia Solaris), a 1 MW plant constructed on the roof of a company building and another 29 lower capacity plants installed in headquarters of companies and municipal buildings. Through the subsidiary Iren Rinnovabili S.r.l., marketing continued in the photovoltaic sector under the logo “Raggi & Vantaggi”, though this slowed strongly due to regulatory changes approved and/or pending approval that significantly reduced the level of sector incentives.

The above subsidiary also operates in the hydroelectric sector, following the construction and start-up of the 1 MW hydroelectric plant in Fornace (Baiso – province of Reggio Emilia) as of 30 December 2010, with energy production and sales of approximately 6,000 MWh in 2011.
With regard to projects in the wind energy sector, after the wind measurement recordings in the Apennine area in 2010, the process for obtaining authorisation for the construction of a 6 MW wind farm was begun. Particular attention was also paid to the development of a business model for promotion of initiatives in the biogas and biomethane sectors.

Management of district heating plants
Iren Ambiente also operates on the basis of specific contracts with Iren Energia S.p.A. in the district heating sector for the operation and extraordinary maintenance of thermal and cogeneration plants in the three provinces of Emilia Romagna: Parma, Reggio Emilia and Piacenza.

IREN GROUP PERSONNEL

At 30 September 2012, the employees working for the Iren Group totalled 4,573, down by 1.8% compared to the figure at 31 December 2011 which was 4,655 employees. The table below provides a breakdown of personnel at 30 September 2012, divided into Holding and First-level companies (with related subsidiaries).

Company	**Personnel at 30.09.2012**	**Personnel at 31.12.2011**
Iren S.p.A.	263	268
Iren Acqua Gas and subsidiaries	987	1,026
Iren Ambiente and subsidiaries	239	241
Iren Emilia and subsidiaries	1,627	1,668
Iren Energia and subsidiaries	1,008	1,018
Iren Mercato and subsidiaries	449	434
Total	**4,573**	**4,655**

The decrease of 82 members of staff in 2012 is associated with:

- the further development of the workforce management policy, with recruitment restrictions and staff-leaving incentives, which has led to a decrease of 39 employees;
- the acquisition of an ERG business unit for the marketing and sale of energy, resulting in 11 staff joining Iren Mercato;
- a change in consolidation relating to Iren's investment in the SAP Group, which resulted in a decrease of 33 staff;
- the disposal and related deconsolidation of the investment in Undis Servizi involving 16 staff;
- classification of the investment in Sasternet among assets held for trading, involving 5 staff.

Note that since the Iren Group was established (01/07/2010) the workforce has decreased overall by 299 (-155 as the balance of recruitments/resignations; -144 due to changes in consolidation).

INFORMATION ON THE IREN SHARE IN THE FIRST NINE MONTHS OF 2012

IREN share performance on the Stock Exchange

In the first nine months of 2012 the stock markets, especially in the Eurozone, were characterised by two different phases in the periods January to the end of July and from the beginning of August onwards.

In the first of these periods, from January to the third week of July, the markets continued to suffer the effects of the persistent negative economic trend in the international financial market, sharpened by the financial crisis in a number of European sovereign states, including Italy where, burdened by a high level of public debt and in compliance with balance of payments benchmarks set by the European Community, the tax austerity policy continues.

Therefore the increase in tax pressure combined with the lack of financial circuit liquidity has contributed to maintaining a negative growth trend in the real economy also.

In this period the trend in the spread between the 10-year BTP and the BUND continued to rise, reaching 540 bps in the third week of July. This led to a negative financial market performance in the first seven months, penalising in particular the companies with a high level of financial liabilities: the Iren share hit a minimum of Euro 0.24 per share in the third week of July.

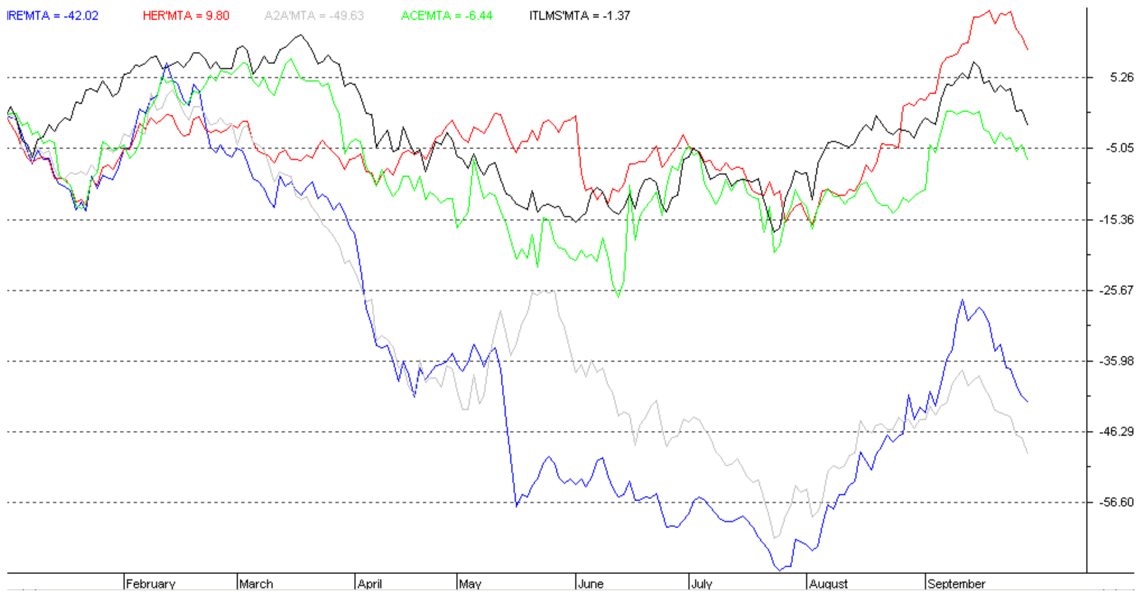
From the last week of July, the bail-out operations in Greece and Spain and the results achieved by the restoration by the technical administration imposed a slowing down upon the spread, which at the end of September fell to below 360 bps.

This period saw a recovery in share prices, particularly in the Iren share which from its minimum reached in July showed an upward trend which lasted until the first week in September.

At the end of September 2012 the Iren share recorded Euro 0.45 per share, with average trading volumes since the start of the year of around 3.1 million units per day.

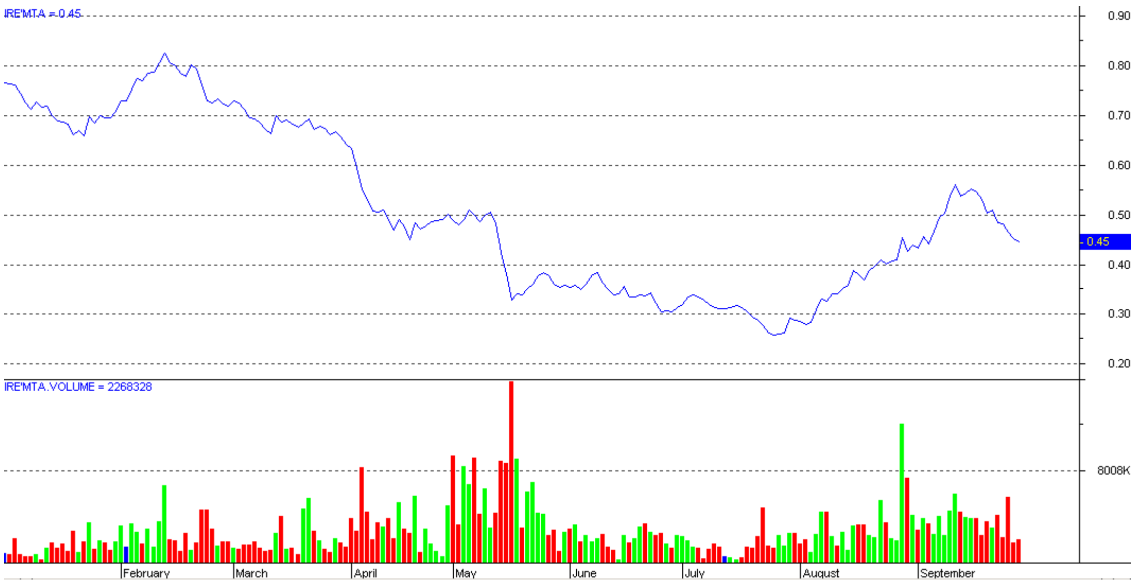
In the same period the average price was Euro 0.51 per share, peaking on 13 February at Euro 0.85 and bottoming out on 26 July at Euro 0.24.

The share performance, which in the first nine months fell by 42%, was affected not only by the high level of debt and exposure of the assets portfolio to the energy generation and sales market in a national context characterised by overcapacity and low energy prices.



STOCK EXCHANGE DATA, EUR/share in 2011	
Average price	0.51
Highest price	0.85
Lowest price	0.24
Number of shares ('000)	1,276,226

IREN share price and trading volumes

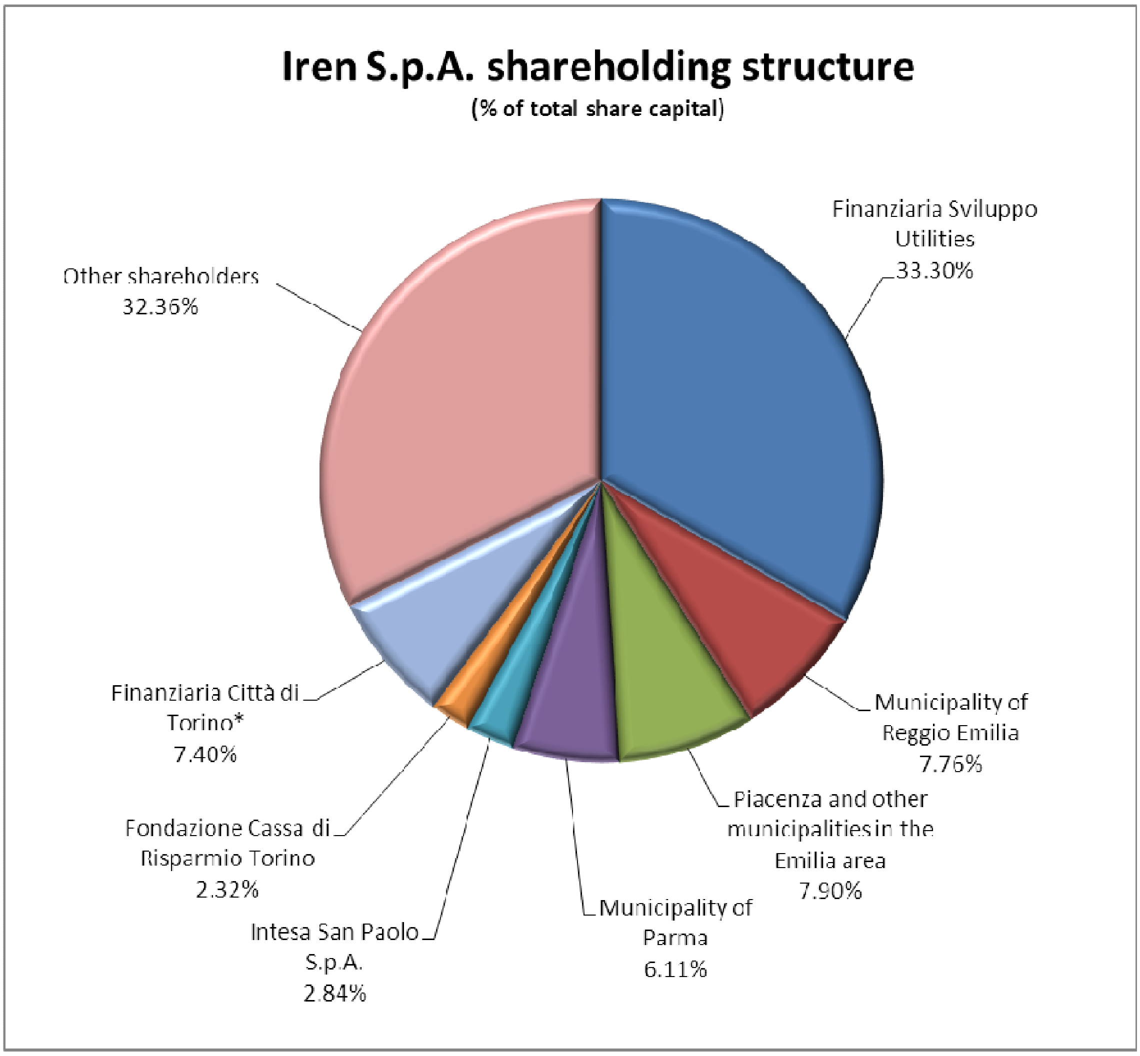


Share coverage

The IREN Group is currently covered by eleven brokers: Banca IMI, Banca Leonardo, Centrobanca, Cheuvreux, Deutsche Bank, Equita, Intermonte, Mediobanca, Banca Akros, Bnp Paribas and Banca Aletti which began coverage in February 2012.

Shareholding structure

At 30 September 2012, based on available information, the shareholding structure of IREN was as follows:



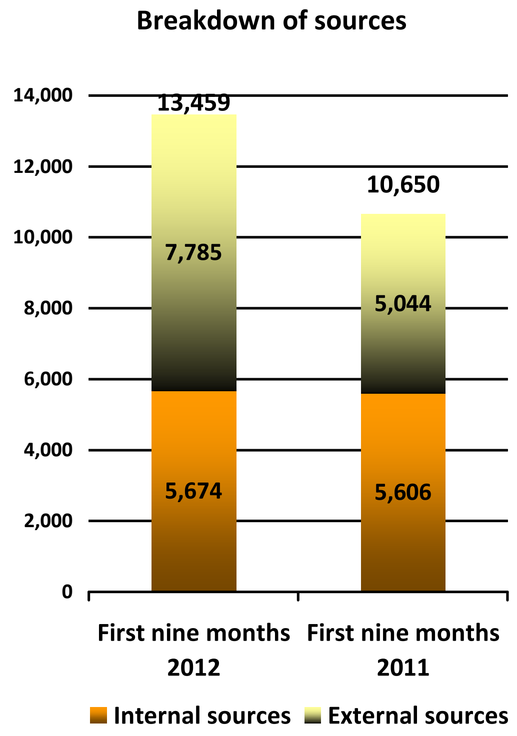
(*) savings shares without voting rights

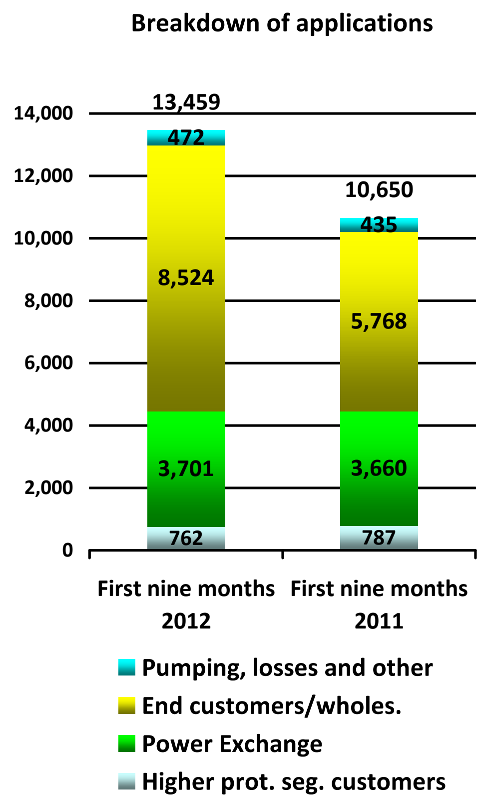
OPERATING DATA

Electrical energy production

GWh	First 9 months 2012	First 9 months 2011	% Change
SOURCES			
Gross production	5,674	5,606	1.2
a) Thermoelectric	*3,715*	*3,487*	*6.5*
b) Hydroelectric	*824*	*773*	*6.6*
c) WTE plant and renewable sources production	*92*	*96*	*(4.2)*
d) Edipower plant production	*1,043*	*1,084*	*(3.8)*
e) Tirreno Power plant production	*0*	*166*	*(100)*
Purchases from Acquirente Unico (AU)	800	820	(2.4)
Energy purchased on the Power Exchange	3,895	3,379	15.3
Energy purchased from wholesalers	3,091	845	(*)
Total Sources	**13,459**	**10,650**	**26.4**
APPLICATION			
Sales to protected customers	762	787	(3.2)
Sales on the Power Exchange	3,701	3,660	1.1
Sales to eligible end customers and wholesalers	8,524	5,768	47.8
Pumping, distribution losses and other	472	435	8.5
Total Application	**13,459**	**10,650**	**26.4**

(*) Change of more than 100%

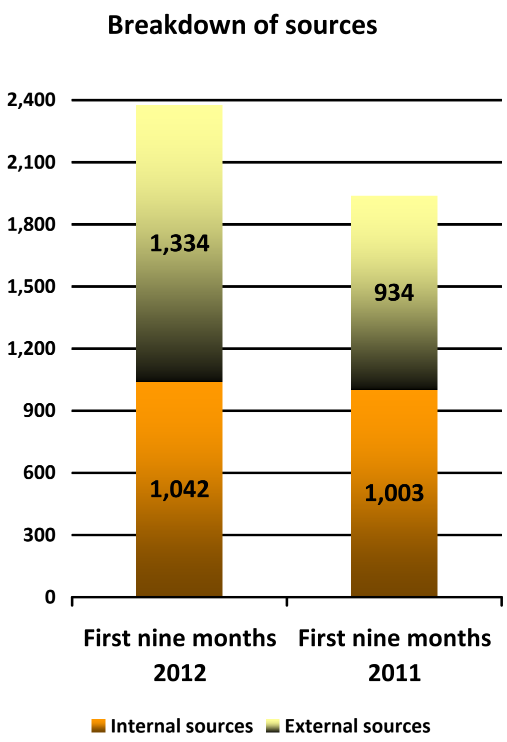


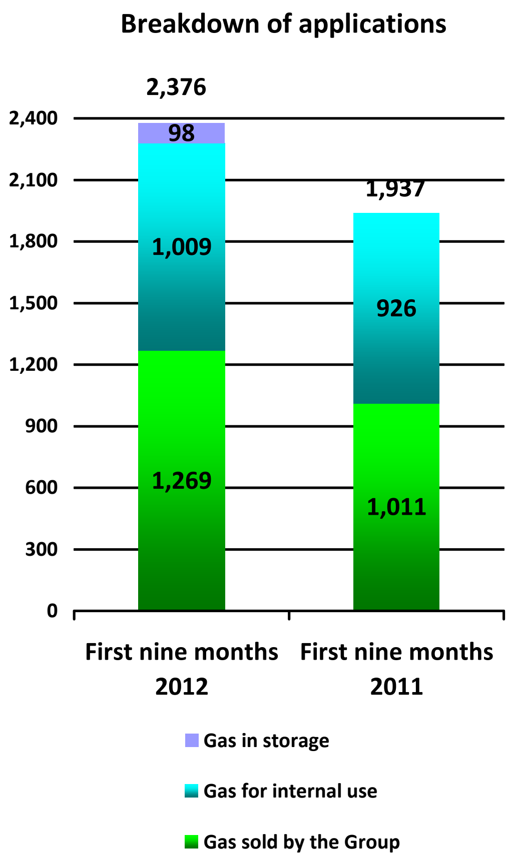


Gas Production

Millions of m³	First 9 months 2012	First 9 months 2011	% Change
SOURCES			
Internal sources	1,042	1,003	3.9
External sources	1,334	934	42.8
Total Sources	**2,376**	**1,937**	**22.7**
APPLICATION			
Gas sold by the Group	1,269	1,011	25.5
Gas for internal use (**)	1,009	926	8.9
Gas in storage	98	-	(*)
Total Application	**2,376**	**1,937**	**22.7**

(*) Change of more than 100%.
(**) Internal use involved thermoelectric plants, tolling, use in the generation of heat services and internal consumption.





Network services

	First 9 months 2012	First 9 months 2011	% Change
ELECTRICAL ENERGY DISTRIBUTION			
Electrical energy distributed (GWh)	3,214	3,207	0.2
No. of electronic meters	685,034	671,181	2.1
GAS DISTRIBUTION			
Gas distributed by AES Torino (mln m³) (*)	*378*	*393*	*(3.8)*
Gas distributed by Iren Acqua Gas (mln m³)	*271*	*265*	*2.3*
Gas distributed by Iren Emilia (mln m³)	*638*	*629*	*1.4*
Total Gas distributed	1,286	1,287	(0.1)
DISTRICT HEATING			
District heating volume (mln m³)	73	67	8.7
District heating network (Km)	821	782	5.0
INTEGRATED WATER SERVICE			
Water volume (mln m³)	133	138	(3.7)

(*) AES Torino 51%

MARKET CONTEXT

The domestic energy context

In the January-September 2012 period, net electrical energy production in Italy totalled 217,544 GWh, down 1.6% compared to the same period of 2011. 89.4% of the demand for electrical energy, totalling 245,680 GWh (-2.3%) was 89.4% met from domestic production (+0.8%) and the remaining 10.0% from foreign balance. At domestic level, thermoelectric production was 157,631 GWh, down 4.3% on 2011 and covering 72.5% of production supply. Production from hydroelectric sources was 31,512 GWh (-16.2% compared to 2011) covering 14.5%, whilst geothermal, wind and photovoltaic energy production amounted to 28,401 GWh (+52.3%) and covered 13.1% of supply.

Demand and supply of accumulated electrical energy

(GWh and changes in trends)

	up to 30 September 2012	up to 30 September 2011	% change
Demand	**245,680**	**251,526**	**-2.3%**
- Northern Italy	112,316	115,057	-2.4%
- Central Italy	71,765	73,560	-2.4%
- Southern Italy	37,028	37,110	-0.2%
- Islands	24,571	25,799	-4.8%
Net production	**217,544**	**221,026**	**-1.6%**
- Hydroelectric	31,512	37,599	-16.2%
- Thermoelectric	157,631	164,778	-4.3%
-Geo-thermoelectric	3,930	3,981	-1.3%
- Wind and photovoltaic	24,471	14,668	66.8%
Foreign balance	**30,175**	**32,290**	**-6.6%**

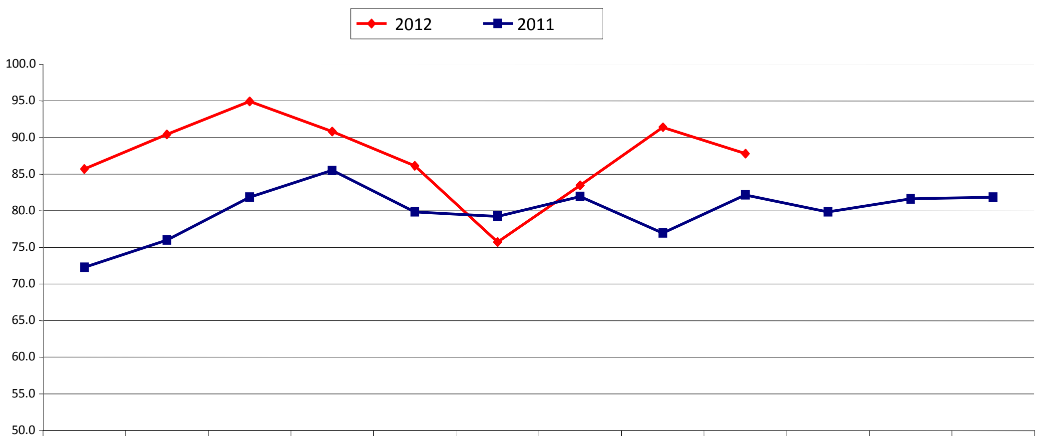
Source: RIE on TERNA data

The first nine months of 2012 showed an overall drop in electricity demand from the same period of the previous year (-2.3%), corresponding to around -5.8 TWh. Percentage decreases were seen in all areas of the country, the highest being recorded in the islands (-4.8%) and in the North of Italy (-2.4%).

During the first nine months of 2012 the average price of crude oil was Dollars/bbl 112.2, essentially in line with the same period of 2011 (+0.2%). The average €/$ exchange rate was 1.282, down by 12.5 cents compared to the average recorded in the same period in 2011. Due

to these trends, the average price of crude oil was Euro 87.6 per barrel in 2012, with a 10.1% increase on the average price in 2011.
In the third quarter of 2012, the Brent Dated prices in USD saw an upward trend compared to the second quarter, returning to over the USD 100 mark to reach Dollars/bbl 117.6 in August compared to the minimum 88 recorded in June (+29.6 dollars/bbl), but failing to reach the daily peak price in March (close to USD 126).
Pushing the prices upwards were geopolitical fears, with the persisting crisis in Syria and continued tension between the West and Iran, which gained the upper hand over the world economic crisis, which moreover saw a few moments of optimism with an upward impact on market prices. In fact, it has to be pointed out that in a year of serious economic crisis such as this, oil demand is continuing to record a growth trend, considerably different to that of 2008.

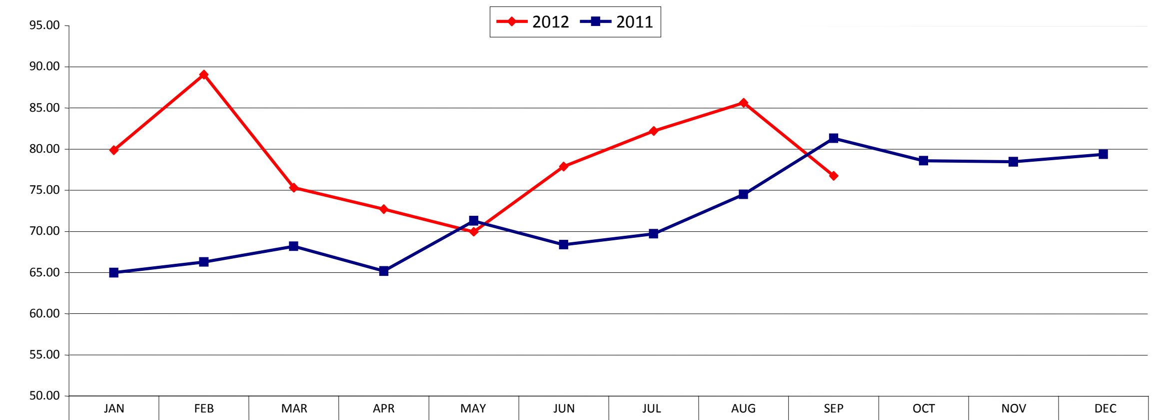
Brent performance (€/bbl)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	
2012	85.7	90.4	94.9	90.8	86.2	75.7	83.5	91.4	87.8			
2011	72.3	76.0	81.9	85.5	79.8	79.3	81.9	76.9	82.2	79.8	81.6	81.8

In the first nine months of 2012 the Power Exchange prices showed increases with respect to the same period last year. The PUN average value was 78.8 EUR/MWh, an increase of 12.6% on the first nine months of 2011. Demand fell by around 5.8 TWh compared to the previous year. The period confirms an economic scenario for electricity that shows a combination of negative factors from rising prices and falling demand.

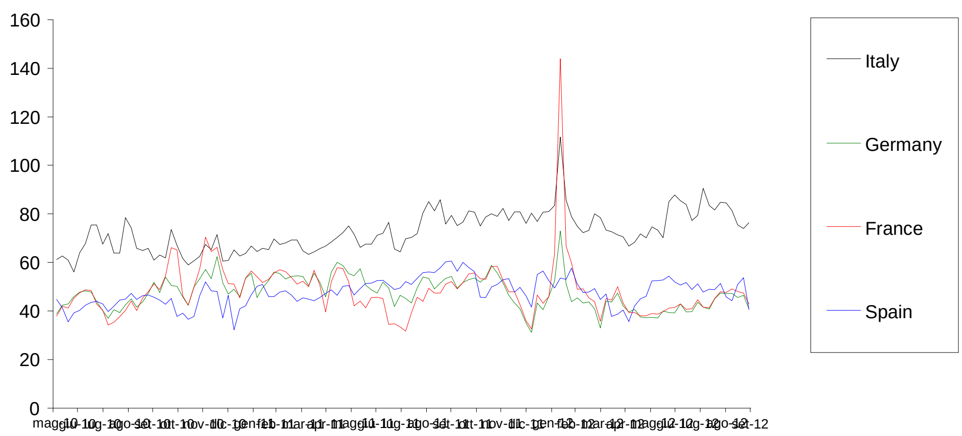
Average Power Exchange purchase price (MGP) - PUN (€/MWh)



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2012	79.85	89.04	75.31	72.72	69.96	77.88	82.20	85.64	76.77			
2011	65.00	66.29	68.18	65.18	71.28	68.41	69.74	74.51	81.31	78.61	78.47	79.37

As for regional prices, the area with the lowest prices in the first nine months, as in 2011, is the South region, at 72.9 EUR/MWh (-5.9 EUR/MWh from PUN), whereas Sicily has the highest prices at 96.7 EUR/MWh (+22.8% from PUN). In both cases the deviations from the average price reduced with regard to Sicily (-28.9% in fact in the first nine months of 2011) and increased, albeit to a more limited extent, in the South of Italy (-3.2 EUR/MWh).

Weekly Power Exchange prices (Euro/MWh)



In the first nine months of 2012 the liquidity on the stock exchange was essentially in line with that of the previous year (58.5% vs. 58.1%) to reach 87.1 TWh. The trend was also consolidated for the Energy Account Platform which sees a weighting of 41.5% (equal to around 61.7 TWh) compared to the 41.9% of 2011.

The following table shows values and comparisons between average monthly futures prices in the first nine months from January to September, recording considerable decreases in the quarterly prices from September to March 2013. Annual future prices (December 2013) which stood at 76.12 EUR/MWh at the start of the year fell to 71.96 EUR/MWh in September (-4.2 EUR/MWh).

	January 2012 futures			September 2012 futures	
Monthly		**€/MW**	**monthly**		**€/MW**
Feb-12		79.84	Jul-12		75.09
Mar-12		79.30	Aug-12		76.29
Apr-12		76.13	Sep-12		75.65
quarterly		**€/MW**	**quarterly**		**€/MW**
Jun-12		76.51	Sep-12		75.91
Sep-12		79.15	Dec-12		74.25
Dec-12		80.43	Mar-13		67.85
Mar-13		79.36	Jun-13		73.10
annual		**€/MW**	**annual**		**€/MW**
Dec-13		76.12	Dec-13		71.96

Source: RIE on IDEX data

The Natural Gas Market

Based on figures made available by Snam Rete Gas, in the period January-September 2012 total gas consumption in Italy (54.0 bln m³) was 2.6% lower than in 2011 (-1.44 bln m³), this decrease brought about by the drop in use for electricity generation. In particular: a) withdrawals from the distribution networks (mainly for domestic consumption) increased by 2.4%, the result of the leap in demand in February (+25.3%) due to the exceptional bout of freezing weather between two very mild months (January and March) and an April colder than in 2011; b) weak electricity demand (-2.3% in the first nine months compared to the same period in 2011; -2.7% in calendar comparison[1]), competition from renewable sources (between January and September: +7.4 TWh photovoltaic production; +2.4 TWh wind energy production) and coal (estimated at +4 TWh) that affected thermoelectric consumption of methane, which recorded a decrease of 10.1% (-2.1 bln m³) and no less than 24.5% lower than in 2008. An even worse result would have been recorded if the very high temperatures in the summer months had not helped the electricity demand and related gas consumption to keep them at 2011 levels, whilst in September plant withdrawals again saw a heavy drop of 19%, returning to the trend seen in the spring (-22% in May; -15% in June); c) industrial use recorded a figure essentially in line with 2011 (-0.4%), but remained well below the pre-crisis levels (-11.2% compared to 2008; -12.5% compared to 2007).
On the supply side, compared to last year there was a decrease in imports (-4.1%) and an increase in the network intakes from national production (+5%). 88% of imports were via gas pipelines and 12% through the two LNG terminals in Panigaglia and Rovigo.

[1] Source: Terna

Application/sources of natural gas in the period January-September 2012 and comparison with previous years

January-June	2012	2011	2010	2009	2008	% change '12/'11	% change '12/'10	% change '12/'09	% change '12/'08
GAS DRAWN (bln m³)									
Distribution plants	23.0	22.5	24.0	22.4	22.4	2.4%	-4.2%	2.6%	3.0%
Industrial use	10.0	10.0	9.7	8.8	11.2	-0.4%	2.6%	13.5%	-11.2%
Thermoelectric use	19.1	21.2	22.1	20.5	25.2	-10.1%	-13.6%	-7.0%	-24.5%
Third party network and system consumption (*)	2.0	1.8	2.1	2.1	2.3	10.6%	-6.1%	-5.7%	-14.2%
Total withdrawn	**54.0**	**55.5**	**57.9**	**53.8**	**61.1**	**-2.6%**	**-6.7%**	**0.4%**	**-11.6%**
GAS INPUT (bln m³)									
Domestic production	6.2	5.9	6.2	6.2	6.9	5.0%	1.0%	1.1%	-10.3%
Imports	51.3	53.5	54.2	49.2	56.5	-4.1%	-5.3%	4.3%	-9.1%
Storage	-3.48	-3.93	-2.4	-1.5	-2.3	-11.5%	44.9%	129.4%	53.1%
Total input	**54.0**	**55.5**	**57.9**	**53.8**	**61.1**	**-2.6%**	**-6.7%**	**0.4%**	**-11.6%**

(*) Includes: transport, exports, transport company redeliveries, reservoir/widening changes, losses, consumption and gas not accounted for.

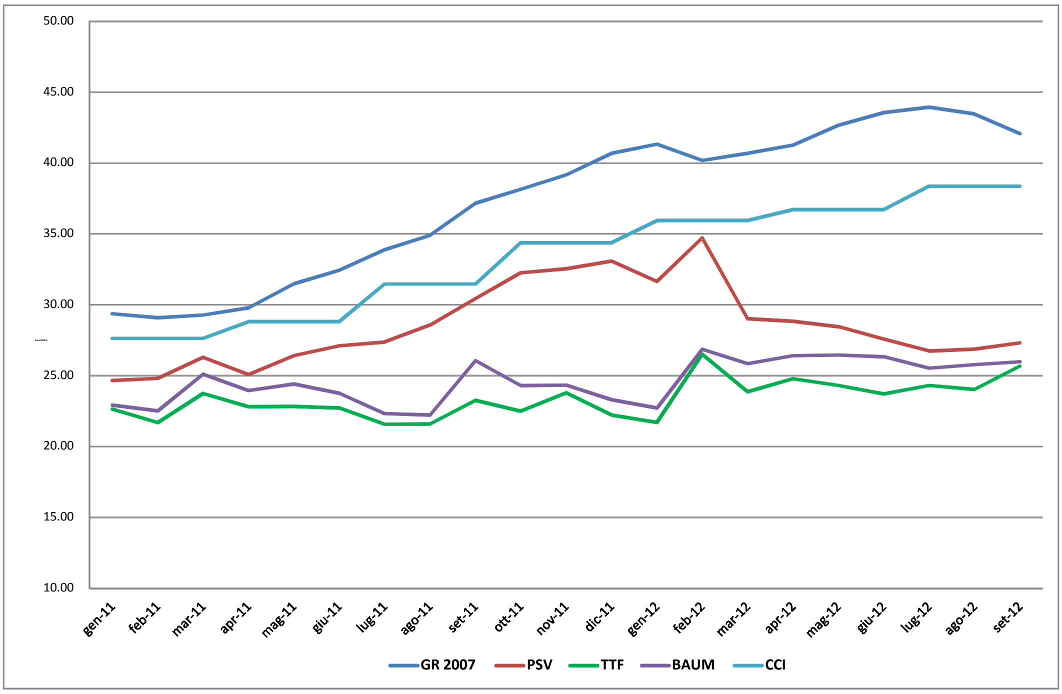
Source: processing of Snam Rete Gas figures: provisional figures for August and September 2012, non-final aggregate figures for June-July 2012; final aggregate figures for previous months.

A continued very weak demand in Italy and at European level (-2% EU consumption in the first six months of 2012[2]), a situation of structural overcapacity and strong spot market competition led to persistent pressure on the markets and problems for vertically integrated operators with procurement portfolios exposed to long term Take or Pay agreements. Consumer sale prices are now less linked to the prices of these purchase agreements. Renegotiations and arbitration are characterising 2012 just as in the past two years. The renegotiation results in any event seem to be a long way from bridging the gap with spot prices.
Again in the third quarter of the year the spot prices at the Northern European hubs remained considerably lower than those of long-term renegotiated agreements, by approximately 20%-25% in the period. The process to strengthen the hubs, as an increasingly important reference for the market, has continued, encouraged by the launch and by first-time application of the first nine European rules on the gradual opening of infrastructures and the management of contractual congestion on transnational gas pipelines.
The third quarter saw a considerable decrease in the spread between the Italian Virtual Exchange Point and the prices of Northern European hubs. Compared to the Dutch TTF - considered the most liquid and important hub on the European mainland - the difference fell on average to 2.3 EUR/MWh (+9.3%) from 7.8 MWh (+32%) in the first quarter of 2012 and 4.0 EUR/MWh (+17%) in the second quarter. Compared to the Austrian hub in Baumgarten, physically connected to the Italian system by the TAG gas pipeline, between July and September the difference was 1.2 EUR/MWh (+5%) whereas it stood at 6.7 EUR/MWh in the first three months of the year (+26%). The decrease in spreads towards "physiological" values associated with the cost of gas transportation between the hubs, presumably came about also as an effect of the first-time application of the EU regulations and guidelines on the reduction in congestion (resulting in higher access to available capacity at lower costs), particularly by

[2] Source: Eurogas

the TAG gas pipeline operator. The next few months will tell us whether these dynamics will consolidate or not.
The average price at the Virtual Exchange Point in the period January-September 2012 was 29.0 EUR/MWh (+8.4% on the same period in 2011); 27.0 EUR/MWh was the average for the third quarter of the year (-6% compared to the same quarter of 2011). The balancing market (PB-Gas), launched on 1 December 2011 and becoming fully operative in April 2012, in the first nine months of 2012 recorded an average 28.9 EUR/MWh and 27.0 EUR/MWh in the third quarter, essentially in line with the Virtual Exchange Point trading price. M-Gas (the Gas Exchange) is still a market little used with only residual trading.
The Virtual Exchange Point price is considerably lower than the values fully associated (Gas Release) or prevalently associated (WMC defined by the AEEG) with formulas indexed to oil and gas products. The average value of the "Gas Release 2007" in the first nine months of 2012 was 44.59 Eurocents per m^3 (42.1 EUR/MWh). The WMC (Wholesale Marketing Cost Component) for the protected market was an average 39.61 Eurocents per m^3 over the 3 quarters (37.0 EUR/MWh).

Gas price trends



Note: Gas Release and WMC prices were transformed into EUR/MWh on the basis of a heat of combustion of 38.1 Mj/Sm^3 and 38.52 Mj/Sm^3, respectively.

Source: RIE processing of Platts, APX-Endex, GME, CEGH and AEEG data

REGULATORY FRAMEWORK

Information is provided below on the main new regulations issued during the first nine months of 2012 which influence the Group's operating segments. For a more complete analysis reference should be made to the Group's 2012 Interim Report.

Electrical energy

Resolution 298/2012/R/eel of 19 July 2012 "AEEG decisions on claims for payments on account of the reintegration cost, in relation to essential plants for 2011. Provisions on the variable cost components recognised for 2011 and 2012. Amendments and integrations to Authority resolutions 111/06 and ARG/elt/110/11", published on 23 July 2012.
As part of its supervision of the management of plants essential to the safety of the power system, governed both in reference to the standard regime and the cost reintegration regime, respectively, pursuant to articles 64 and 65 of AEEG Resolution 111/06, by the provisions of this resolution the AEEG aims to:
- determine the amounts of the payment on account of the cost reintegration envisaged in Art. 65.30 of the aforementioned resolution, in relation to a number of essential plants for 2011;
- amend the values of the variable cost components recognised, significant for 2011 and 2012;
- assign compliance control to Terna of the contribution margin regarding essential units under the cost reintegration regime;
- amend the rules on the maximum number of the most significant operating assets, for the Network Operator to identify groups of essential plants.

With a view to providing support to the Network Operator and to provide them with the data required to perform compliance controls on the correct calculation of the cost reintegration, and consequently arrive at the calculation of the annual payment on account envisaged on that amount (Art. 65.30, AEEG Resolution 111/06), the Regulator particularly requires that GME provides TERNA with specific data on the financial charges and volumes recorded on the energy markets, with reference to each essential unit under the cost reintegration regime. The transmission of such data flows by the market also provides TERNA with a complete framework of information for its compliance controls on the contribution margin relating to the aforementioned essential units.

Publication of ACER Guidance on REMIT - 2nd Edition "Guidance on the application of European Parliament and Council Regulation 1227/2011 of 25 October 2011 on wholesale energy market integrity and transparency", published on 28 September 2012.
By this paper, ACER (Agency for the Cooperation of European Regulators) published its "Guidance on the application of European Parliament and Council Regulation 1227/2011 of 25 October 2011 on wholesale energy market integrity and transparency - 2nd Edition" containing updated non-binding interpretation guidance on various aspects of the application of EU Regulation 1227/2011 ("REMIT") on the integrity and transparency of wholesale energy market integrity in the European Union. This second edition of the Guidance is the follow-up to the first edition published by ACER on 21 December 2011.

Gas
On 1 October **AEEG Resolution 263/2012/R/Gas** of 21 June 2012, "*Review of the economic terms for raw gas from 1 October 2012 and the launch of reconnaissance procedures on procurement terms on the natural gas retail sales market*" entered into force. Taking into consideration the provisions of art. 13 of Decree Law no. 1/12 (compulsory reference to market prices), this resolution reviewed the method for calculating the value of raw material

contained in the final price to protected customers: the EQ (energy quota) component is now calculated by assigning a 95% weight to the value resulting from the formula representing the procurement cost of gas associated with long-term oil-linked contracts (the TOP index) - also taking into consideration the reviews of such contracts based on producer/importer agreements - and the remaining 5% weight on gas prices on the European markets in reference to the forward price calculated by the Dutch hub TTF. Compared to the old oil-linked formula applied until March 2012 (a transitional formula was in force in the period April-September), the EQ calculated by the new method is estimated to be around 0.8 Eurocents per m^3 lower than that of the last quarter of 2012.
As envisaged in the aforementioned resolution and recently reiterated by the AEEG, the method will be subject to further reform with effect from April 2013, taking into account the results of the investigation launched by the resolution to assess the procurement terms of wholesale market sellers.

By **Decision dated 24 August 2012** the European Commission adopted **Amendments to EC Regulation 715/2009** on the conditions for access to gas transport networks. The new elements refer to the management of contractual capacity congestion on cross-border gas pipelines. Specifically, two “use it or lose it” mechanisms are envisaged: one on a daily basis in force from July 2016 and one on a long-term basis entering into force earlier, in October 2013, which will allow the network manager to offer an operator’s capacity if it systematically remains underused. The rules aim for a more efficient use of available capacity and encourage link-up of the individual domestic markets.

DOMESTIC ENERGY STRATEGY

On 16 October the Ministry of Economic Development submitted action plan to the Council of Ministers on the Domestic Energy Strategy (DES). The paper was subjected to public consultation - to be completed over the next two months - of the key players directly or indirectly involved in the energy industry.
In a “*difficult and uncertain macroeconomic scenario*”, the Paper explains the “*key objectives to be pursued in the next few years*”, outlines the “*basic options*” and defines short-term and long-term priorities despite the awareness of “*acting in a free market context and with development logics that cannot be controlled centrally*”. The primary objective is the recovery of sustainable growth by improving the financial system’s competitiveness, in relation to energy overcoming three major challenges: a) the higher energy prices compared to other EU countries; b) less than optimum procurement safety at peak times, particularly for gas, and a strong dependence on imports; c) the economic and financial difficulties of certain industry operators.
The paper indicates four key objectives:

- Alignment of energy prices and costs to those of Europe.
- Achievement and exceeding of targets defined in the Climate-Energy Package 2020 (the “20-20-20” package).
- Improved procurement safety, especially for gas, and a decrease in the dependence on imports.
- Provide a driver for economic growth through development of the energy industry production chain.

Seven interdependent priorities have been identified in order to reach the aforementioned objectives:

- Energy efficiency, representing the top priority of the DES, a strategic objective and starting point as under the terms of the Paper it simultaneously contributes to achieving all the others: cost/competitiveness, safety, environmental quality, growth.
- Development of a Southern European gas hub in Italy.

- Development of renewable energies to be used to exceed the target for Italy specified by the EU.
- Development of infrastructures and the power market.
- Relaunch of sustainable domestic hydrocarbons production.
- Restructuring of the fuel refining and distribution network.
- Updating of the governance system.

Six target results are expected by 2020:

- A 4% reduction in primary energy consumption compared to 2010 levels and a 24% reduction compared to the 2020 inert trend indicated by the EU prior to the economic crisis, exceeding the European targets (-20%). In accordance with plans this will be achieved particularly through energy efficiency action. In this context, gross electricity consumption would remain near constant (from 346 TWh in 2010 to 345-360 TWh in 2020).
- Decreased dependence on international sources from the current 84% to 67% and subsequent euro 14 billion decrease in the international energy bill (compared to euro 62 billion at present).
- Alignment of wholesale prices to European levels for all energy sources.
- A 20% impact of renewable energy on gross final consumption (compared to around 10% in 2010 and the 17% target agreed with the EU); renewables as the primary source of electrical energy production, equal to or greater than gas production, to reach an approximate coverage of 36-38% of electricity consumption by 2020 compared to 23% in 2010.
- A 19% reduction in greenhouse gas emissions, thereby exceeding the EU targets set for Italy on this aspect also (-18% compared to 2005 emissions).

  Investments for euro 180 billion between now and 2020 both in renewables and efficiency (euro 130 billion) and in traditional segments (networks, gas imports infrastructures, storage) (euro 50 billion).

SIGNIFICANT EVENTS OF THE PERIOD

Parma Integrated Environmental Hub (IEH)
On 25 January 2012, the Parma section of the Regional Administrative Court - with which an appeal was filed against the Municipality of Parma's second order to suspend works - issued the ruling confirming that the authorisation procedure adopted for the Parma Integrated Environmental Hub was compliant with regulations and the building licence was issued within the authorisation procedure and the VIA (Environmental Impact Assessment). Therefore, the order for suspension of works issued by the Municipality of Parma was declared groundless and therefore cancelled. On 4 April 2012 this sentence of the Regional Administrative Court became final as the Municipality of Parma did not file an appeal before the State Council.

Distribution of dividends
The Shareholders' Meeting of 14 May 2012 accepted the Iren S.p.A. Board of Directors' proposal and approved the distribution of a dividend, payable from 21 June 2012, of euro 0.013 per share for a total of euro 16,590,933.80.

Appointment of the new Board of Statutory Auditors and Independent Auditors' assignment
With approval of the financial statements at 31 December 2011 the term of office of the Board of Statutory Auditors expired. For the three-year period 2012-2014 the Shareholders' Meeting of 14 May 2012 appointed Anna Maria Fellegara and Aldo Milanese as standing auditors and Emilio Gatto as substitute auditor from the list filed by Finanziaria Sviluppo Utilities S.r.l. and 73 public shareholders in the provinces of Reggio Emilia, Parma and Piacenza, and Paolo Peveraro as standing auditor and Alessandro Cotto as substitute auditor from the list filed by the shareholder Equiter S.p.A. The Board of Statutory Auditors will remain in office until approval of the financial statements at 31 December 2014. The Shareholders' Meeting appointed Paolo Peveraro as Chairman of the Board of Statutory Auditors.
Pursuant to art. 13, Italian Legislative Decree no. 39 of 27 January 2010, the Shareholders' Meeting also assigned statutory audit of the separate and consolidated financial statements and limited review of the interim report to PricewaterhouseCoopers S.p.A. for the nine-year period 2012-2020.

Reorganisation of the Edison Group
On 24 May 2012 - in execution of the agreements signed on 15 February 2012 and later amended on 5 May 2012 between A2A, Delmi and EDF and between A2A, Delmi, Edison and Alpiq - Delmi sold 50% of Transalpina di Energia to WGRM 4 Holding S.p.A., a fully owned subsidiary of EDF, for the price of euro 783,748,900, and acquired 70% of Edipower from Edison (50%) and Alpiq (20%) for a total price of euro 883,748,900.
Agreements were also signed between A2A, Iren, Iren Energia (currently a shareholder of Edipower) and other shareholders of Delmi regarding governance and the operating model of Edipower, the eventual exit of minority shareholders and the tolling agreements that govern the management of Edipower production plants.

Change in membership of the Board of Directors of Iren S.p.A.
On 18 June 2012 the IREN S.p.A. Board of Directors coopted Carla Patrizia Ferrari as member of the Board of Directors to replace Enrico Salza, who resigned on 22 May 2012 following his commitment accepted as Chairman of Banca Fideuram.

Disposal of the investment in Sasternet S.p.A.
On 3 August 2012 Iride Servizi and F2i Reti TLC signed the agreement for disposal of the IREN Group's entire investment in Sasternet S.p.A. (85% of the share capital).

For the IREN Group, the disposal of Sasternet forms part of the business rationalisation process involving the disposal of non core business to reduce, amongst other things, the net financial liabilities.

Change in members of Internal Control Committee

At its meeting on 27 July 2012, the Iren S.p.A. Board of Directors appointed Franco Amato, who meets the independence requirements, as member of the Internal Control Committee to replace Carla Patrizia Ferrari who had resigned from this office as a result of her commitments and activities performed outside the Iren Group.

PREPARATION CRITERIA

CONTENT AND STRUCTURE

The consolidated interim report at 30 September 2012 was prepared in compliance with art. 154-*ter* "*Financial reporting*" of the Consolidated Finance Act ("TUF") introduced by Italian Legislative Decree no. 195/2007 based on which Italian lawmakers implemented Directive 2004/109/EC (known as the Transparency directive) regarding periodic disclosure and based on Consob communication no. DEM/8041082 of 30 April 2008. Said provision replaces those provided for by art. 82 "Quarterly report" and Annex 3D ("Quarterly report drafting criteria") in the Issuers' Regulation.
The accounting standards used to prepare the report are the "International Financial Reporting Standards – IFRS" issued by the International Accounting Standards Board ("IASB") and approved by the European Commission. "IFRS" also includes the International Accounting Standards ("IAS") still in effect, as well as all explanatory documents issued by the International Financial Reporting Interpretations Committee ("IFRC") and the previous Standing Interpretations Committee ("SIC").

ACCOUNTING PRINCIPLES ADOPTED

Accounting principles and evaluation criteria, as well as consolidation principles, adopted when preparing this interim report for the IREN Group are consistent with those used when preparing the IREN Group's Consolidated Balance Sheet as of 31 December 2011, to which reference is made for a complete description.
Preparing the interim report has required the use of estimates and assumptions that affect the values of revenue, expense, assets and liabilities. The actual outcome of occurring events might differ from these estimates.
Some measurement processes, especially those which are more complex, such as the calculation of impairment losses on non-current assets, are generally carried out fully only when drawing up the annual financial statements, or when all information required is available, except when there are impairment indicators which require immediate measurement of any impairment losses. Similarly, the actuarial valuations required for determining the Provision for employee benefits are carried out when drawing up the annual financial statements.

Lastly, the interim report is not subject to an accounting audit.

CHANGE IN THE CONSOLIDATION SCOPE COMPARED TO 31 DECEMBER 2011

The consolidation scope includes the companies directly or indirectly controlled by the parent, including joint control with other entities.

In the first nine months of 2012, changes in the scope of consolidation of the Iren Group involved:

- deconsolidation of Tema due to completion of the winding-up procedure of the company. At 31 December 2011 the assets and liabilities of Tema were recognised under assets held for sale and liabilities related to assets held for sale. The company’s deconsolidation had no significant effect on the equity of owners of the parent or of non-controlling interests;
- deconsolidation of the joint venture Namtra Investments Limited, a company set up under Cyprus law, following completion of the winding-up procedure on 21 June 2012 and receipt of certification of cancellation from the Cyprus register of companies. The company’s deconsolidation had no significant effect on the equity of owners of the parent or of non-controlling interests;
- the deconsolidation of Undis Servizi given the finalisation in July of the sale of the Group’s interest in this company. The company’s deconsolidation had no significant effect on the equity of owners of the parent or of non-controlling interests.

With regard to the subsidiary Sasternet, note that its assets are recognised under assets held for sale, liabilities under liabilities related to assets held for sale, and revenue and expense are recognised in the profit for the period from discontinued operations since at the reporting date the sale of the company was deemed highly probable. In fact, at the end of October the sale of the Group’s interest in this company was finalised.

RISK MANAGEMENT

The management of business risks is an essential component of the Internal Control System in the corporate governance of a listed company, and the Code of Conduct set forth by Borsa Italiana assigns specific responsibilities as regards this aspect. The Enterprise Risk Management model, which is operative within the Group, includes methodological approach to the integrated identification, assessment and management of the Group's risks.
For each of the following risk types:

- Financial risk (interest rate, currency, spread);
- Credit risk;
- Energy risk, associated with energy and/or financial markets, such as market variables or pricing options;
- Operational risks, associated with asset ownership, involvement in business activities, processes, procedures and information flows;

specific "policies" have been defined with the primary goal of fulfilling strategic guidelines, organisational-managerial principles, macro processes and techniques necessary for the active management of related risks.
Reputational risks have also been integrated into Group's Enterprise Risk Management model, associated with maintaining trust and a positive image of the Group in the eyes of stakeholders.
The Group's Enterprise Risk Management model also regulates the roles of the various parties involved in the risk management process, which is governed by the Board of Directors, and calls for specific Committees to manage each type of risk.
The "Risk Management" department, reporting to the CEO, was set up within the IREN Group. This department is formally entrusted with the following activities:

- coordinating the integrated management process of the Group's risks;
- signing and managing insurance policies, with the cooperation of the Legal department.

On a quarterly basis, the Risk Management Department also analyses losses in all the Group's operating areas and defines the containment and reduction methods.
A summary of the Group risk management models is shown hereunder.

1. FINANCIAL RISKS

Iren Group's activity is exposed to various types of financial risks, including liquidity risk, currency risk and interest rate risk. As part of its Risk Management activities, the Group uses non-speculative hedging contracts to limit currency risk and interest rate risk.
Compliance with the limits imposed by the policy are verified during the Financial Risk Committee meetings with regard to the main metrics, together with analysis of the market situation, interest rate trends, the value of hedges and confirmation that the conditions established in covenants have been met.

a) Liquidity risk

Liquidity risk is the risk that financial resources available to the company are insufficient to cover financial and trade commitments in accordance with the agreed terms and deadlines.
The Group Finance Department was centralised in order to optimise the collection and use of financial resources. Specifically, the centralised management of cash flows in IREN, both through cash pooling and centralisation of all collection and payments within the IREN current accounts, make it possible to allocate Group-wide available funds according to the needs arising from time to time within the single companies. Cash movements are recognised in infragroup bank accounts along with infragroup interest income and expense.
Other investees have an independent financial management structure in compliance with the guidelines provided by the Parent.

Based on the cash pooling model, the accounts of all the companies are zeroed every day by means of a netting system that transfers the balances of currency transactions on the accounts of the Parent.
The financial position, both current and forecast, and the availability of adequate credit facilities are constantly monitored.
IREN has relations with the leading Italian and international banks, for the purpose of searching for the types of loans most suitable to its needs, and the best market conditions.
With regard to liquidity risk potentially deriving from contractual clauses allowing counterparties to withdraw financing should certain events occur (default and covenant risk), the clauses in IREN loan agreements are fulfilled. In particular, for certain medium/long-term loan agreements Iren is committed to meeting financial covenants (such as net financial position/EBITDA, EBITDA/Financial expense ratios) with annual verification. Moreover, other covenants such as the Change of Control clause have been provided for, which sets forth that the IREN Group's should be kept under indirect or direct control of Local Authorities, as well as clauses concerning negative pledges, under which the company undertakes not to give collateral beyond a specific limit, and the Pari Passu clause, which reserves an equal treatment to lending banks with respect to the treatment for other unsecured creditors.
The non-current loan agreements of certain Group companies also envisage the observance of financial covenants (Net Financial Position-EBITDA, Net Financial Position-Equity) which have been satisfied.

b) Currency risk
Except as indicated under the section on energy risk, the IREN Group is not particularly exposed to currency risk.

c) Interest rate risk
The IREN Group is exposed to fluctuations in interest rates above all for financial charges regarding indebtedness. IREN Group's objective is to limit its exposure to interest rate increases while maintaining acceptable borrowing costs.
The risks associated with the increase in interest rates are monitored non-speculatively and, if necessary, reduced or eliminated by signing hedging swap and collar contracts with high credit standing financial counterparties, with the sole purpose of cash flow hedges.

2. CREDIT RISK
The Iren Group’s credit risk is mainly related to trade receivables that show no particular concentration since the credit exposure is spread across a large number of counterparties. This risk is connected to the sale of electrical energy, district heating and gas to retail and business customers, public entities.
In conducting its business activities the Group is exposed to the risk that, as a result of the financial conditions of the payer, receivables might not be paid on their due date and therefore the risks are attributable to an increase in the seniority of receivables, insolvency risk and an increase in receivables subject to bankruptcy proceedings.
In order to control credit risk, operating management of which is entrusted to individual regional functions, methodologies have been defined for monitoring and control of receivables in addition to the definition of strategies for reduction of credit exposure including Customer solvency analysis on acquiring receivables by means of thorough credit rating analysis to limit insolvency risk, the assignment of credit recovery to external credit recovery companies and the management of legal disputes regarding amounts receivable for services rendered, with the introduction of new recovery methods.

The trade receivables management policy, credit rating assessment tools and the monitoring and recovery activities differ in relation to the various categories of customers and the various consumption levels.
Over the last few years, in order to strengthen the analysis and monitoring capacities, new tools have been introduced for the acquisition of commercial information and customer payment records, operating management for the collection of overdue receivables, outsourcing the telephone inquiry activity for certain customer segments. The Group is also completing the project for “electronic meters” with the aim of enhancing the promptness in the decoupling of customers in arrears and reducing costs.
For certain types of business customers, credit risk is hedged by appropriate forms of on-demand bank or insurance guarantees issued by first rate credit institutions.
An interest-bearing guarantee deposit is provided for some types of services (water, natural gas, “protected customer” electrical energy) in compliance with regulations governing these activities. This deposit is reimbursed if the customer adopts payment by direct debit.
Generally applied payment terms are compliant with regulations in force and are consistent with market standards. In the event of non payment, interest in arrears will be debited to the extent indicated in the supply contracts and as set out by regulations in force.
In conducting its business activities the Group is exposed to the risk that, as a result of the general economic and financial crisis, trade receivables might not be paid on their due date and therefore suffer impairment that could lead to full or partial cancellation from the financial statements.
Accruals to the allowance for impairment accurately reflect the effective credit risk through the targeted quantification of the accrual, involving the analysis of the individual receivable items recorded in the databases, specifically taking into account ageing, as well as comparison with historical impairment loss data and determination of the average non-payment rate.
As a result of the persisting economic situation, though maintaining its existing procedures the Group has improved credit risk management by strengthening its monitoring and reporting procedures. The basic objective of such activity is to analyse the main causes for credit deterioration in order to quickly find potential countermeasures.
On a quarterly basis the Risk Management Department gathers information to integrate the main data on trade receivables from the Group companies in relation to customers, business sector and ageing range. There is a particular focus on customers with the highest level of past due receivables, both among first level companies and for the Group as a whole.
The results are presented at the Committee meetings and agreed with the Credit Managers of first level companies which in operating terms are responsible for credit management and recovery.

3. ENERGY RISK

The IREN Group is exposed to price risk, including related currency risk, on the energy commodities traded, i.e. electrical energy, natural gas, coal, etc., as both purchases and sales are either directly impacted by fluctuations in the price of such energy commodities or through indexing formulae.
The Group's strategy is to minimise the need to turn to the financial markets for hedges, both by aligning the indexing of commodities purchased and sold and by vertically and horizontally exploiting its various business segments.
For this purpose, the Group carries out production planning for its plants and purchases electrical energy, with the aim of reconciling energy self-production and market supply with demand from Group customers.
Compliance with the limits imposed by the policy are verified during the Energy Risk Committee meetings with regard to the main metrics, together with analysis of the market

situation, exposure to currency risk and to energy commodity price risk, and hedge performance.

4. OPERATIONAL RISKS

This category includes all risks not included in the previous categories, which may influence the achievement of operational targets, i.e. relating to the effectiveness and efficiency of business transactions, including performance levels, profitability and the protection of resources against losses.
The Enterprise Risk Management model applied at Group level is focused on the integrated and synergic management of risks, and implements a process that consists of the following stages:

- identification;
- assessment;
- treatment;
- control;
- reporting.

Each process stage is performed in accordance with standards and references defined at Group level.

The main risks in the above categories are assessed in terms of impact, event probability and level of control. These assessments are subject to periodic review. The indicators that allow risk to be examined in terms of trends and critical points are also monitored.
The Group's risk position is updated at least quarterly, indicating the extent and level of control of all risks monitored, including financial, credit and energy risks.
The main reputational risks are managed in addition to the operating risks.
The risk position and related indicators are submitted to top management and to the risk owners involved in mitigation and improvement activities.
Risk analysis is used as input in the preparation of planning tools.

The operational risk management process also aims at optimizing the Group's insurance profiles in the key "property" and "liability" areas.

a. Legislation and regulatory risks

The legislation and regulatory framework is subject to possible future changes, and is therefore a potential source of risk. For this purpose, the IREN Group set up internal structures in charge of the continuous monitoring of reference legislation, in order to assess and, as far as possible, mitigate its impact.

b. Strategic risks

The local utilities sector is experiencing a phase of strong development and consolidation. Deregulation and liberalisation mean companies have been forced to adopt a more decisive approach to competitive pressure, taking advantage of the opportunities for external and internal corporate growth offered by the new market scenarios.
The strategic development plan of the IREN Group provides for considerable investments, from the development of joint ventures of important regasification plants for the gas supply, to the construction or upgrading of cogeneration plants to complete the district heating extension plan, as well as the upgrading of the hydroelectric plants, and a consolidated presence in the electrical energy and gas distribution sectors, water and waste treatment sectors.
The above interventions lead to the Group's exposure to regulatory, technical, commercial, economic and financial risks (obtaining of licences, application of new technologies,

compliance with commercial schedules, analysis of competition, etc.), which the Group has to tackle through specific processes and structures, focused on covering all phases from assessment, to authorisation and realization of such projects.
Specific quality-quantity assessments are performed on strategic risks, indicating the main risk factors and management plans required.

c. Plant-related risks

As regards the compliance of Group production plants, plant-related risks are managed with the above-mentioned approach in order to correctly allocate resources in terms of control and preventive measures (preventive/predictive maintenance, control and supervisory systems, emergency and continuity plans, etc.).
For the more important plants the Group has recently completed a number of surveys from which it has been able to accurately detail the events to which such plants could be exposed and subsequent preventive action.
Insurance instruments, specially configured according to the specific needs of each single plant, are also in place.

d. IT risks

The main IT risks are related to the availability of core systems, amongst which IREN Mercato's interface with the Power Exchange.
The Company is in fact one of the leading Italian operators on the Power Exchange and any accidental unavailability of the system could have considerable economic consequences, connected with the non-submission of energy trading offers.
To mitigate such risks specific measures have been adopted, such as the redundancy of parts of the system and appropriate disaster recovery procedures, which are periodically subject to efficiency testing.

FINANCIAL POSITION, RESULT OF OPERATIONS AND CASH FLOWS OF THE IREN GROUP

Presented below are the income statement, statement of financial position and statement of cash flows for the IREN Group on which the comments regarding business performance are based.

Income Statement

IREN GROUP CONSOLIDATED INCOME STATEMENT - FIRST NINE MONTHS OF 2012

thousands of euro

	First nine months 2012	First nine months 2011 (1)	% change
Revenue			
Revenue from goods and services	2,954,001	2,231,752	32.4
Change in contract work in progress	43	568	(92.4)
Other revenue and income	192,022	127,873	50.2
Total revenue	**3,146,066**	**2,360,193**	**33.3**
Operating expense			
Raw materials, consumables, supplies and goods	(1,582,452)	(1,046,829)	51.2
Services and use of third-party assets	(906,386)	(680,345)	33.2
Other operating expense	(62,258)	(51,905)	19.9
Capitalised expenses for internal work	14,679	20,556	(28.6)
Personnel expense	(195,112)	(194,707)	0.2
Total operating expense	**(2,731,529)**	**(1,953,230)**	**39.8**
Gross Operating Profit (EBITDA)	**414,537**	**406,963**	**1.9**
Amortisation, depreciation, provisions and impairment losses			
Amortisation/depreciation	(161,866)	(147,858)	9.5
Provisions and impairment losses	(46,190)	(44,488)	3.8
Total amortisation, depreciation, provisions and impairment losses	**(208,056)**	**(192,346)**	**8.2**
Operating profit (EBIT)	**206,481**	**214,617**	**(3.8)**
Financial management			
Financial income	21,324	17,438	22.3
Financial expense	(92,724)	(66,324)	39.8
Net financial expense	**(71,400)**	**(48,886)**	**46.1**
Share of profit of associates accounted for using the equity method	15,009	13,641	10.0
Impairment losses on investments	(10,200)	-	(*)
Profit before tax	**139,890**	**179,372**	**(22.0)**
Income tax	(67,029)	(81,447)	(17.7)
Profit/(loss) for the period from continuing operations	**72,861**	**97,925**	**(25.6)**
Profit/(loss) from discontinued operations	2,374	2,739	(13.3)
Profit/(loss) for the period	**75,235**	**100,664**	**(25.3)**
attributable to:			
- Owners of the Parent	67,717	95,018	(28.7)
- Non-controlling interests	7,518	5,646	33.2

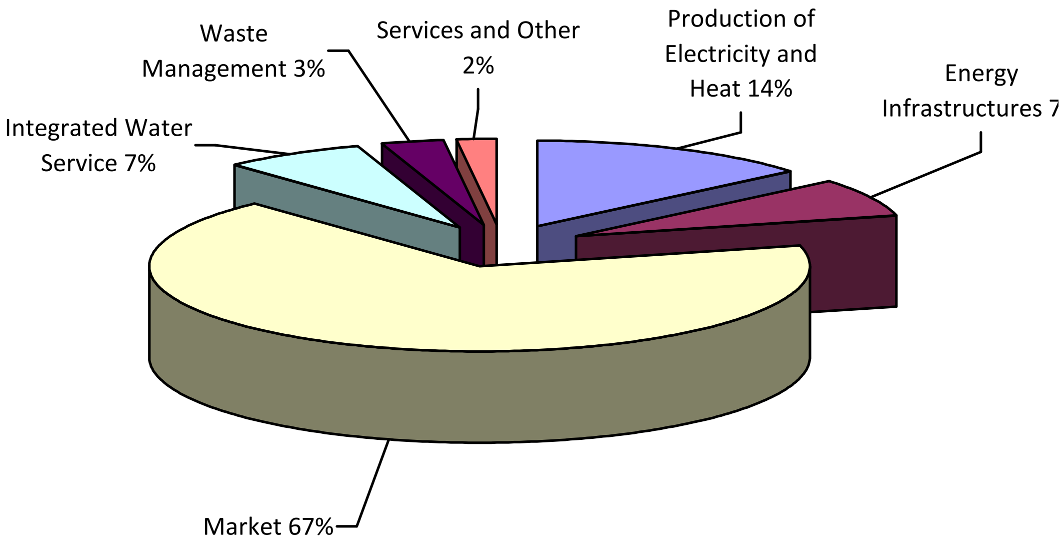
(*) Change of more than 100%

(1) The figures are restated to reflect the recognition of Sasternet under assets held for sale

Revenue

In the first nine months of 2012 the Iren Group achieved revenue of euro 3,146.1 million, up 33.3% on the euro 2,360.2 million recorded in the first nine months of 2011. This significant increase in revenue is attributable both to the increase in volumes sold in the energy segments, to favourable weather conditions, to the operational start-up of the Torino Nord plant and also to the increase in energy commodity prices.

BREAKDOWN OF REVENUE



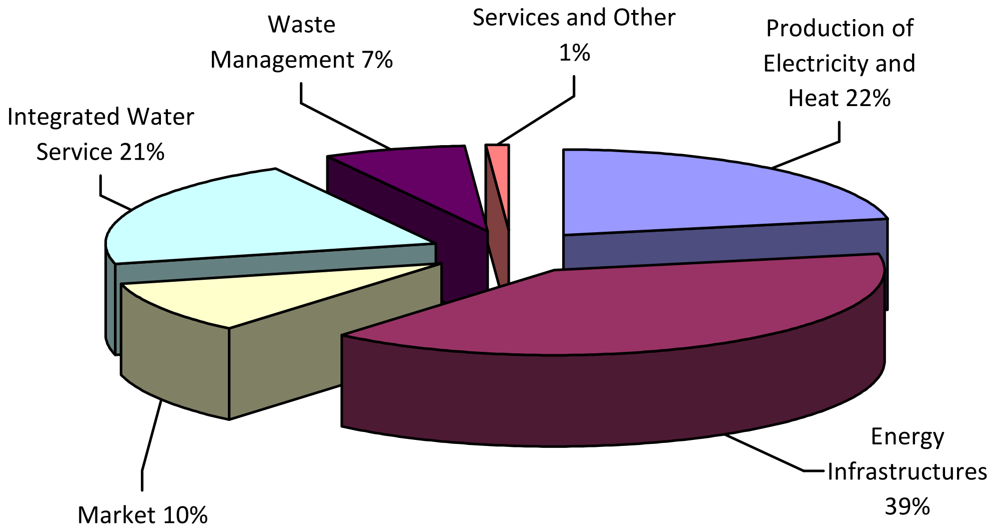
Gross Operating Profit

Gross operating profit (EBITDA) amounted to euro 414.5 million, up by 1.9% compared to the euro 407 million of the first nine months of 2011. All operating segments except Waste Management contributed to the improved margin. The Waste Management segment recorded a decrease compared to the corresponding period of 2011.

In the electricity and heat production segment in particular, the higher volumes of electricity and heat produced and the positive contribution of the reimbursement of stranded costs regarding the Telessio hydroelectric plant absorbed the negative trend caused by the persisting production overcapacity, the significant increase in fuel prices not fully reflected in the energy sale price, competition from the stronger production from renewable sources and the drop in the Market segment profit from electrical energy sales.

The considerable growth in the Market segment in gas sales was due to improved procurement terms, storage management and trading. The Integrated Water Cycle segment recorded a slight growth, whilst a decrease was seen in profits in the Waste Management segment.

BREAKDOWN OF EBITDA



Operating profit

The operating profit (EBIT) amounted to euro 206.5 million, down 3.8% on the euro 214.6 million recorded for the first nine months of 2011. The increase in amortisation/depreciation compared to the corresponding period of 2011 (up euro 14 million) in effect absorbed the improvement recorded in gross operating profit.

Financial income and expense

Net financial expense was negative by euro 71.4 million. Specifically, financial expense totalled euro 92.7 million, up 39.8% on the same period in 2011, with an increase in the average cost of debt from 3.07% to 3.83%. Financial income reached euro 21.3 million (+22.3%).
The results of associates accounted for using the equity method was positive by around euro 15 million, up compared to the same period in 2011 (+10%), mainly due the positive results of Edipower (euro 7.8 million), Plurigas (euro 4.1 million), Delmi (euro 1.8 million) and ASA (euro 1.2 million).
The impairment losses on investments refer to the provision for risks relating to future losses of the associate Sinergie Italiane.

Profit before tax

As a result of the trends indicated above, the consolidated profit before tax reached euro 140 million, down 22% compared to the first nine months of 2011.

Income tax

Income taxes for the first nine months of 2012 amounted to euro 67 million, a decrease in absolute terms of 18% compared to the same period in 2011.
The 2012 tax rate was not affected by tax asset and liability adjustments on the Ires surtax, but was affected by non-deductible impairment losses.

Profit/(loss) for the period from continuing operations

Profit for the period from continuing operations amounted to euro 73 million, down 25.6% due to the provision allocated for risks relating to future losses of the associate Sinergie Italiane and to higher financial expense.

Profit/(loss) for the period

Profit for the period amounted to euro 75 million, a decrease compared to the euro 101 million profit recorded in the first nine months of 2011. This decrease was mainly attributable to the provision for risks relating to future losses of the associate Sinergie Italiane and to higher financial expense.

Segment reporting

The IREN Group operates in the following business segments:

- Production of Electricity and Heat (Hydroelectric energy, cogeneration of electricity and heat, production from renewable sources);
- Market (Sale of electricity, gas, heat);
- Energy Infrastructures (Electricity distribution networks, gas distribution networks, district heating networks, LNG regasification plants);
- Integrated Water Service (sale and distribution of water, water treatment and sewerage);
- Waste Management (Waste collection and disposal);
- Other services (Telecommunications, Public Lighting, Global Services and other minor services).

These operating segments are disclosed pursuant to IFRS 8. Under this Standard, segment reporting should be based on elements used by the executive committee and management when making operational and strategic decisions.

For a correct reading of the income statements relating to individual businesses presented and commented on below, revenue and expense referring to joint activities were entirely allocated to the businesses based on actual usage of the services provided or according to technical and economic drivers.

Given the fact that the Group mainly operates in the North-West area of Italy, the following segment report does not include a breakdown by geographical area.

Below are the main income statement items with related comments broken down by operating segment.

Production of electricity and heat

At 30 September 2012 revenue for the segment amounted to euro 649.8 million, up 34% compared to euro 484.8 million in the first nine months of 2011.

		First 9 months 2012	First 9 months 2011	Δ %
Revenue	€/mln.	649.8	484.8	34.0%
Gross Operating Profit (EBITDA)	€/mln.	90.6	84.7	7.0%
EBITDA		*13.9%*	*17.5%*	
Operating profit	€/mln.	28.0	25.9	8.1%
Investments	€/mln.	16.0	86.7	-81.5%
Electrical energy produced	GWh	4,551	4,268	6.6%
from hydroelectric sources	*GWh*	824	773	6.7%
from thermoelectric sources	*GWh*	3,715	3,487	6.5%
from renewable sources	*GWh*	12	8	55.7%
Heat produced	GWh_t	1,852	1,571	17.9%
from cogeneration sources	GWh_t	1,384	1,217	13.7%
from non-cogeneration sources	GWh_t	468	354	32.1%

Electrical energy production in the period totalled 4,551 GWh, up 6.6% on the 4,268 GWh of the first nine months of 2011, due to the combined effect of higher hydroelectric production and higher cogeneration production.
Specifically, hydroelectric production was around 824 GWh, up 6.7% compared to the 773 GWh of the same period in 2011, due to higher water levels recorded in the period, the post-repowering start-up of the Rosone and Telessio plants and stronger production at the Pont Ventoux plant. This trend is in line with the national figure for production from hydroelectric sources, which saw a decrease of 16% compared to the first nine months of 2011.
Thermoelectric production totalled 3,715 GWh, +6.5% on the 3,487 GWh recorded in the corresponding period of 2011, the opposite of the national trend for production from thermoelectric sources (-4% compared to 2011). The increased production is mainly due to the operational start-up from October 2011 of the new Torino Nord plant.
Heat production amounted to 1,852 GWh_t, recording a 17.9% increase compared to the 1,571 GWh_t of the same period in 2011, due to higher consumption resulting from more severe temperatures (+16% degree days in the Turin area and +7% in the Emilia Romagna area) and to the approximate 6 million m^3 increase in volumes served (+5.5 million m^3 in the Turin area and +0.4 million m^3 in the Emilia Romagna area). The total district heating volume reached 73 million m^3.
The cogenerated heat share was 74.7%, down compared to the first nine months of 2011, when it was equal to 77.5%.

Gross operating profit amounted to euro 90.6 million, up 7% on the euro 84.7 million of the same period in 2011.

The higher profit is attributable to the combined effect of greater volumes produced both of electricity and heat, the contribution of green certificates and the positive impact of the reimbursement of stranded costs regarding the Telessio hydroelectric plant (euro 16 million). These positive factors offset the negative effect of the decrease in the spark spread on the cogeneration production of electrical energy.

Operating profit totalled euro 28.0 million, an 8.1% improvement on the 2011 figure of euro 25.9 million. The improvement is mainly due to the increase in gross operating profit.

Market

The market segment's revenue amounted to euro 2,981.0, up 46.8% on the euro 2,030.0 million recorded for the corresponding period in 2011. Gross operating profit stood at euro 39.5 million, up euro 2.2 million (+5.9%) on the euro 37.3 million achieved in the first nine months of 2011.

		First 9 months 2012	First 9 months 2011	Δ %
Revenue	€/mln.	2,981.0	2,030.0	46.8%
Gross Operating Profit (EBITDA)	€/mln.	39.5	37.3	5.9%
EBITDA		*1.3%*	*1.8%*	
from Electrical Energy	*€/mln.*	-9.7	-0.1	*(*)*
from Gas	*€/mln.*	44.4	33.1	*33.9%*
from Heating	*€/mln.*	4.8	4.3	*13.0%*
Operating profit	€/mln.	20.7	24.3	*-14.8%*
Investments	€/mln.	6.5	3.6	81.6%
Electrical energy sold	GWh	12,900	10,134	27.3%
Electrical energy sold net of Power Exchange purchases/sales	GWh	10,740	7,765	38.3%
Gas purchased	Mln m^3	2,376	1,937	22.6%
Gas sold by the Group	Mln m^3	1,269	1,011	25.5%
Gas for internal use	Mln m^3	1,009	926	8.9%
Gas in storage	Mln m^3	98	-	*

(*) Change of more than 100%

Sale of electrical energy

Overall volumes sold on the market (end customers, power exchange and wholesalers) amount to 12,138 GWh, up approximately 30% compared to the first nine months of 2011 (9,347 GWh).

Total volumes sold to end customers and wholesalers amount to 8,437 GWh (5,687 GWh in the corresponding period of 2011), up 48.4% (+2,750 GWh), while the volumes traded on the power exchange gross of energy bought and sold amounted to 3,701 GWh (3,659 GWh in the first nine months of 2011).

In the first nine months of 2012 the availability of electrical energy from internal Iren Group production (Iren Energia) increased by approximately 7% compared to the previous period to reach 4,529 GWh (4,260 GWh at 30 September 2011). Volumes from Edipower tolling

agreements amount to 1,043 GWh versus the 1,084 GWh in the corresponding period of 2011. Greater recourse was made to external sources such as the power exchange (gross of energy bought and sold), totalling 3,895 GWh compared to 3,379 GWh in the first nine months of 2011, and wholesalers for 3,091 GWh (of which 1,500 GWh ERG) compared to 845 GWh in 2011.
Regarding the number of protected customers managed, the total volumes sold in the first nine months of 2012 amounted to 762 GWh, down slightly on the same period last year (787 GWh) due to deregulation of the market to which the company responded with marketing development initiatives that led to transfer of a significant percentage of non-eligible market customers to the free market.
Gross operating profit from electrical energy sales amounted to euro -9.7 million, down compared to the euro 0.1 million recorded for the first nine months of 2011. This decrease is due mainly to the negative operating result of the tolling agreements.

Sale of natural gas
Total volumes of natural gas procured at 30 September 2012 amounted to approximately 2,376 million m^3 (around 1,937 million m^3 in the same period of 2011), of which around 1,269 million m^3 were marketed to customers outside the Group (1,011 million m^3 in the first nine months of 2011), 158 million m^3 were used in the production of electrical energy through Edipower tolling contracts (160 million m^3 in the first nine months of 2011) and 851 million m^3 were used within the Iren Group for both the generation of electrical energy and the supply of heat services (766 million m^3 in the first nine months of 2011). The inventories of gas in storage amount to 98 million cubic metres.
The higher volumes sold compared to the first nine months of 2011 (+439 million m^3) are mainly attributable to the increase in trading and in the increase in volumes for use in thermoelectric production (the operational start-up of the Torino Nord plant). Volumes for the retail market in the first nine months of 2012 totalled 580 million m^3, up 4.7% on the 554 million m^3 of the corresponding period in 2011.
The gross operating profit, equal to euro 44.4 million, improved compared to the euro 33.1 million of the same period in 2011, mainly due to better procurement conditions, gas portfolio optimisation activities and infra-year trading.

Market development
During 2012, activities relating to customer loyalty schemes in areas traditionally managed and development initiatives in the Group’s reference areas were further enhanced compared to previous periods. A specific project has also been launched to set up a customer acquisition model that will offer real development, also in completely new areas where the brand is unknown.
2012 again saw a strong increase in the activity of competitors, who further intensified their promotion in areas traditionally managed by the Group. In order to respond adequately to the market, the promotion channels were reinforced (agencies and telesales operators), as was the range of products offered, by defining targeted proposals for the various customer segments and promotion areas.
At 30 September 2012, the gas customers directly served by Iren Mercato totalled around 749,500 in the Genoa, Turin and Emilia Romagna areas. Electricity customers managed totalled approximately 729,600, these too mainly in the area traditionally served, i.e. Turin and Parma.

Sale of heat through the district heating networks:
The gross operating profit amounted to euro 4.8 million in the first nine months of 2012, compared to euro 4.3 million in the same period in 2011, up euro 0.6 million (+13.0%).
In the first nine months of the year the district heating volumes in the Piedmont area amounted to around 51 million m³, corresponding to over 450,000 residents, i.e. 40% of Turin's inhabitants, 3.4 million m³ in the Genoa area whilst in the Emilia region the district heating volumes amounted to around 18.7 million m³.

Energy infrastructures

At 30 September 2012 the Energy Infrastructures segment, which includes gas, electricity and heat distribution and regasification terminal business, recorded revenue of euro 320.6 million, up 3.0% on the euro 311.4 million for the same period in 2011.
The gross operating profit amounted to euro 163.4 million, up 3.4% on the euro 158.1 million recorded in the first nine months of 2011.
Operating profit stood at euro 114.8 million, a 2.9% increase on the euro 111.6 million in the corresponding period of 2011.
The main changes in the segments concerned are illustrated below.

		First 9 months 2012	**First 9 months 2011**	**Δ %**
Revenue	€/mln.	320.6	311.4	3.0%
Gross Operating Profit (EBITDA)	€/mln.	163.4	158.1	3.4%
EBITDA		*51.0%*	*50.8%*	
from Electricity Networks	*€/mln.*	52.6	56.7	*-7.2%*
from Gas Networks	*€/mln.*	74.6	73.0	*2.3%*
from District Heating Networks	*€/mln.*	37.1	29.2	*27.1%*
from Regasification Plant	*€/mln.*	-0.9	-0.8	*-18.4%*
Operating profit	€/mln.	114.8	111.6	2.9%
Investments	€/mln.	75.9	112.0	-32.2%
in Electricity Networks	*€/mln.*	10.1	13.8	-26.6%
in Gas Networks	*€/mln.*	27.0	38.5	-29.9%
in District Heating Networks	*€/mln.*	14.8	41.6	-64.3%
in Regasification Plant	*€/mln.*	24.0	18.1	32.6%
Electrical energy distributed	GWh	3,214	3,207	0.2%
Gas distributed	Mln m³	1,286	1,287	-0.1%
District heating volumes	Mln m³	73	67	8.7%

Electrical Energy Distribution Networks
Gross operating profit amounted to euro 52.6 million, down 7.2% on the euro 56.7 million recorded in the period January-September 2011.
The decrease is mainly attributable to the negative effect associated with energy efficiency certificates, the balance of equalisation referring to previous years partly offset by the increase in tariff revenue defined according to the prescribed methods for the new regulatory period. In 2012, investments for around euro 10.1 million were made, mainly related to new

connections, the construction of new MV/LV and HV/MV substations and the replacement of electronic meters.

Gas distribution networks

Gross operating profit for the gas distribution networks amounted to euro 74.6 million, up 2.2% on the euro 73 million recorded in the first nine months of 2011. The improved margin is the result of an increase in revenue and operating expense savings.

Capital expenditure in the segment amounted to approximately euro 27.0 million and specifically involves extraordinary maintenance on the distribution network and replacement of the metering units, envisaged in AEEG resolutions, along with development initiatives for the distribution network and connections.

District heating networks

Gross operating profit in the district heating segment amounted to euro 37.1 million, up 27.1% compared to euro 29.2 million recorded in the first nine months of 2011, due to the increase in volumes served (+5.9 million m^3, +8.7%). Capital expenditure in the period totalled euro 14.8 million and refers to expansion of the network associated with the Torino Nord project and to networks and plants in the Emilia region.

Regasification plant

Investments during the period amounted to approximately euro 24 million. Construction works on the regasification terminal in Dubai are progressing and are now more than 88% complete.

The work to transform the gas carrier at the Dubai shipyard will be completed in the first few months of 2013, after which the terminal will be transported to off the Tuscany coast by the end of March 2013 for installation and testing due to terminate in the first half of 2013. Full operational start-up of the plant is expected by the end of 2013.

Integrated water service

During the period the Integrated Water Service recorded revenue of euro 319.8 million, down 1.1% on the euro 323.2 million of the first nine months of 2011.
The increase compared to 2011 is attributable to the tariff increases decided by the ATOs served, partly offset by lower revenue due to changes in the area served by Società Acque Potabili and a drop in revenue from the lower volumes sold.
Lower capitalised costs were also recorded as a result of fewer investments in assets under concession which, due to the application of IFRIC 12, were recorded under revenue (euro -5.5 million).

		First 9 months 2012	First 9 months 2011	Δ %
Revenue	€/mln.	319.8	323.2	-1.1%
Gross Operating Profit (EBITDA)	€/mln.	86.6	84.9	2.0%
EBITDA		*27.1%*	*26.3%*	
Operating profit	€/mln.	32.8	34.8	-5.7%
Investments	€/mln.	54.9	61.4	-10.6%
Water sold	Mln m³	133	138	-3.7%

Gross operating profit amounted to euro 86.6 million, up 2.0% on the euro 84.9 million of the same period in 2011. The tariff increase was partly offset by lower sales revenue, the decrease in volumes sold and by the cost increase in electrical energy used by the water and treatment plants.
Operating profit totalled euro 32.8 million, down 5.7% on the euro 34.8 million for the corresponding period of 2011. The positive effect generated by the gross operating profit was more than offset by the increase in amortisation/depreciation and provisions during the period, particularly in the allowance for impairment.
Capital expenditure made in the segment amounted to euro 54.9 million and refers to the construction of infrastructures envisaged in the ATO plans for maintenance and development of the water distribution network, the sewerage network and water treatment plants.

Waste Management

Turnover in this segment was euro 157.4 million compared to euro 161.2 million in the same period of 2011 (-2.4%). In addition to changes in the consolidation area from the disposal of Undis Servizi (euro -2.6 million), the decrease in revenue was also affected by tariff revenue lower than that of 2011 as the tariff increases agreed in 2012 were lower than the tariffs recovered in the first nine months of 2011 and not repeatable in 2012. A decrease was also recorded in the sale of recycled materials and electrical energy, partially offset by an increase in revenue from other services.

		First 9 months 2012	First 9 months 2011	Δ %
Revenue	€/mln.	157.4	161.2	-2.4%
Gross Operating Profit (EBITDA)	€/mln.	30.6	34.5	-11.3%
EBITDA		*19.4%*	*21.4%*	
Operating profit	€/mln.	10.3	14.9	-30.9%
Investments	€/mln.	39.5	46.1	-14.3%
Waste handled	ton	694,592	769,674	-9.8%
Urban waste	ton	532,843	577,889	-7.8%
Special waste	ton	161,749	191,785	-15.7%

Gross operating profit amounted to euro 30.6 million, down 11.3% compared to the euro 34.5 million recorded for the first nine months of 2011. In addition to lower tariff revenue, the drop in electrical energy revenue and revenue from the sale of materials recycled from separate waste collection contributed to the decrease in the margin. An increase in operating expense associated with collection services was also recorded.
Operating profit for the period amounted to euro 10.3 million, down 30.9% on the euro 14.9 million recorded in the first nine months of 2011. In addition to the effects of the drop in gross operating profit, the operating profit was affected by the increase in the allowance for impairment.

Investments for the period amounted to euro 39.5 million and mainly relate to construction of the Parma Integrated Environmental Hub, and to a residual extent to extraordinary maintenance on the disposal plants and to collection service equipment and transport.

Services

Revenue totalled euro 72.2 million, down 4.5% on the euro 75.6 million recorded in the same period of 2011.
Gross operating profit amounted to euro 3.8 million, down compared to the euro 7.5 million recorded for the first nine months of 2011.
The decrease is mainly attributable to a drop in profit from service agreements for management of the public lighting systems, buildings, etc.

		First 9 months 2012	First 9 months 2011	Δ %
Revenue	€/mln.	72.2	75.6	-4.5%
Gross Operating Profit (EBITDA)	€/mln.	3.8	7.5	-49.3%
EBITDA		*5.2%*	*10.0%*	
Operating profit	€/mln.	0.0	3.1	(*)
Investments	€/mln.	14.1	14.1	0.0%

(*) Change of more than 100%

Statement of Financial Position

RECLASSIFIED STATEMENT OF FINANCIAL POSITION FOR THE IREN GROUP AT 30 SEPTEMBER 2012

thousands of euro

	30.09.2012	31.12.2011	% change
Non-current assets	4,667,599	4,652,774	0.3
Other non-current assets (liabilities)	(116,914)	(118,297)	(1.2)
Net working capital	248,982	287,974	(13.5)
Deferred tax assets (liabilities)	64,264	60,412	6.4
Provisions and employee benefits	(400,297)	(416,909)	(4.0)
Assets (Liabilities) held for sale	40,780	31,427	29.8
Net invested capital	**4,504,414**	**4,497,381**	**0.2**
Equity	1,887,303	1,844,706	2.3
Non-current financial assets	*(225,361)*	*(132,299)*	*70.3*
Non-current financial liabilities	*2,185,320*	*2,051,413*	*6.5*
Net non-current financial liabilities	1,959,959	1,919,114	2.1
Current financial assets	*(285,636)*	*(421,993)*	*(32.3)*
Current financial liabilities	*942,788*	*1,155,554*	*(18.4)*
Net current financial liabilities	657,152	733,561	(10.4)
Net financial indebtedness	2,617,111	2,652,675	(1.3)
Own funds and net financial indebtedness	**4,504,414**	**4,497,381**	**0.2**

The main changes in the statement of financial position at 30 September 2012 are commented below.

There has been no change in non-current assets compared to 31 December 2011. Amortisation/depreciation for the period and disposals offset the progress in investments made in the first nine months of the year. For further details on investments in the period, reference should be made to the section “Segment Reporting”.

The decrease in net working capital was affected by the changes in trade receivables and payables and in tax items.

The higher deferred taxes are essentially due to the increase in derivative payables.

The decrease in provisions and employee benefits is mainly due to their application to comply with environmental certificate-related obligations.

The decrease in assets held for sale was affected by the restatement to this item of net assets of the subsidiary Sasternet, only partly offset by the deconsolidation of Gesam Gas due to the completed disposal of the entire investment.

The increase in Equity derives mainly from profit for the period.

The statement of cash flows shown below provides an analytical breakdown of the reasons for changes in net financial liabilities in the first nine months of 2012.

Statement of Cash Flows

STATEMENT OF CASH FLOWS FOR THE IREN GROUP - FIRST NINE MONTHS OF 2012

thousands of euro

	First nine months 2012	First nine months 2011	% change
A. Opening cash and cash equivalents	**44,758**	**144,112**	**(68.9)**
Cash flows from operating activities			
Profit/(loss) for the period	75,235	100,664	(25.3)
Adjustments:			
Amortisation of intangible assets and depreciation of property, plant and equipment and investment property	161,866	148,464	9.0
Capital gains (losses) and other equity changes	2,851	(479)	(*)
Net change in post-employment benefits and other employee benefits	1,365	(1,046)	(*)
Net change in provision for risks and other charges	(9,450)	27,787	(*)
Profit from the sale of discontinued operations net of tax effects	(574)	(1,895)	(69.7)
Change in deferred tax assets and liabilities	2,507	(4,352)	(*)
Change in other non-current assets/liabilities	2,050	5,650	(63.7)
Dividends received	(421)	(3)	(*)
Share of profit (loss) of associates	(15,009)	(13,641)	10.0
Impairment losses on non-current assets and investments	8,166	1,334	(*)
B. Cash flows from operating activities before changes in NWC	**228,586**	**262,483**	**(12.9)**
Change in inventories	(42,879)	(2,881)	(*)
Change in trade receivables	42,997	56,877	(24.4)
Change in tax assets and other current assets	512	(48,622)	(*)
Change in trade payables	(62,438)	(242,440)	(74.2)
Change in tax liabilities and other current liabilities	100,852	(11,079)	(*)
C. Cash flows from changes in NWC	**39,044**	**(248,145)**	**(*)**
D. Operating cash flows (B+C)	**267,630**	**14,338**	**(*)**
Cash flows from/(used in) investing activities			
Investments in intangible assets and in property, plant and equipment and investment property	(221,053)	(339,787)	(34.9)
Investments in financial assets	(614)	(40)	(*)
Proceeds from the sale of investments and changes in assets held for sale	13,082	5,435	(*)
Disposal of discontinued operations net of transferred cash flows	8,660	28,209	(*)
Dividends received	9,071	10,144	(10.6)
E. Total cash flows from investing activities	**(190,854)**	**(296,039)**	**(35.5)**
F. Free cash flow (D+E)	**76,776**	**(281,701)**	**(*)**
Cash flows from financing activities			
Dividends paid	(22,282)	(121,297)	(81.6)
Other changes in equity	849	(53)	(*)
New non-current loans	330,200	353,258	(6.5)
Repayment of non-current loans	(221,540)	(60,829)	(*)
Change in financial receivables	35,950	(35,647)	(*)
Change in financial payables	(206,125)	52,449	(*)
G. Total cash flows from financing activities	**(82,948)**	**187,881**	**(*)**
H. Cash flows for the period (F+G)	**(6,172)**	**(93,820)**	**(93.4)**
I. Closing cash and cash equivalents (A+H)	**38,586**	**50,292**	**(23.3)**

(*) Change of more than 100%

The following table shows the change in the Group's consolidated net financial indebtedness for the relevant periods.

thousands of euro

	First nine months 2012	First nine months 2011	% change
Free cash flow	76,776	(281,701)	(*)
Dividends paid	(22,282)	(121,297)	(81.6)
Other changes in equity	849	(53)	(*)
Changes in fair value of hedging derivatives	(18,606)	(4,346)	(*)
Financial assets (liabilities) held for sale	(1,173)	-	(*)
Change in net financial indebtedness	**35,564**	**(407,397)**	**(*)**

(*) Change of more than 100%

Net financial indebtedness at 30 September 2012 amounted to euro 2,617 million, down 1.3% compared to 31 December 2011.
The free cash flow, positive by euro 77 million, derives from the combined effect of the following cash flows:
- cash flows from operating activities were positive by euro 268 million and include euro 229 million in cash flows from operating activities before changes in net working capital and euro 39 million cash flows deriving from changes in net working capital;
- cash flows used in investing activities, amounting to euro 191 million, were generated from investments in property, plant, equipment, investment property and intangible assets of euro 221 million (including investments for the construction of infrastructures under concession pursuant to IFRIC 12), proceeds from the disposal of operating assets for euro 9 million, disposal of the Torino Nord substation to Terna for euro 12 million euro and from the collection of euro 9 million in dividends.

EVENTS AFTER THE REPORTING PERIOD AND OUTLOOK

Events after the reporting period

Disposal of the investment in Sasternet S.p.A.
On 30 October Iride Servizi and F2i Reti TLC finalised the disposal of the Iren Group's investment in Sasternet S.p.A. (85% of the share capital). The price collected on that date, by the end of 2012 subject to any balance due as a result of actual accounting results at 30 October, was euro 14.9 million in payment for 85% of the share capital. A further integration to the price could become due on the 5-year earn-out component for a maximum euro 3 million, based on the performance and future value of the company.

Business outlook

Based on available information and the forecasts for the year in progress, the outlook for the fourth quarter of 2012 is a macroeconomic scenario still characterised by the persisting weakness recorded recently that affected the demand for electrical energy and gas and the production of waste, industrial waste in particular. However, the IREN Group forecasts consolidation in the growth of its assets as a result of the progressive contribution of investments made and the action taken to reduce its financial liabilities.

CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2012

Consolidated statement of financial position

thousands of euro

	30.09.2012	31.12.2011
ASSETS		
Property, plant and equipment	2,827,726	2,837,578
Investment property	1,846	1,943
Intangible assets with a finite useful life	1,291,214	1,280,769
Goodwill	135,052	131,651
Investments accounted for using the equity method	382,058	230,818
Other investments	29,703	170,015
Non-current financial assets	225,361	132,299
Other non-current assets	26,551	27,826
Deferred tax assets	179,484	174,850
Total non-current assets	**5,098,995**	**4,987,749**
Inventories	110,674	67,931
Trade receivables	1,194,827	1,239,730
Current tax assets	39,971	4,400
Other receivables and other current assets	233,766	269,887
Current financial assets	247,050	377,235
Cash and cash equivalents	38,586	44,758
Total current assets	**1,864,874**	**2,003,941**
Assets held for sale	46,530	31,622
TOTAL ASSETS	**7,010,399**	**7,023,312**

thousands of euro

	30.09.2012	31.12.2011
EQUITY		
Equity attributable to owners of the Parent		
Share capital	1,276,226	1,276,226
Reserves and retained earnings	327,412	462,995
Profit/(loss) for the period	67,717	(107,890)
Total equity attributable to owners of the Parent	**1,671,355**	**1,631,331**
Non-controlling interests	215,948	213,375
TOTAL EQUITY	**1,887,303**	**1,844,706**
LIABILITIES		
Non-current financial liabilities	2,185,320	2,051,413
Employee benefits	88,108	86,791
Provisions for risks and charges	251,120	231,057
Deferred tax liabilities	115,220	114,438
Other payables and other non-current liabilities	143,465	146,123
Total non-current liabilities	**2,783,233**	**2,629,822**
Current financial liabilities	942,788	1,155,554
Trade payables	976,904	1,040,014
Other payables and other current liabilities	272,587	216,220
Current tax liabilities	80,765	37,740
Provisions for risks and charges - current portion	61,069	99,061
Total current liabilities	**2,334,113**	**2,548,589**
Liabilities related to assets held for sale	5,750	195
TOTAL LIABILITIES	**5,123,096**	**5,178,606**
TOTAL EQUITY AND LIABILITIES	**7,010,399**	**7,023,312**

Consolidated Income Statement

thousands of euro

	First nine months 2012	First nine months 2011 (1)
Revenue		
Revenue from goods and services	2,954,001	2,231,752
Change in contract work in progress	43	568
Other revenue and income	192,022	127,873
Total revenue	**3,146,066**	**2,360,193**
Operating expense		
Raw materials, consumables, supplies and goods	(1,582,452)	(1,046,829)
Services and use of third-party assets	(906,386)	(680,345)
Other operating expense	(62,258)	(51,905)
Capitalised expenses for internal work	14,679	20,556
Personnel expense	(195,112)	(194,707)
Total operating expense	**(2,731,529)**	**(1,953,230)**
GROSS OPERATING PROFIT	**414,537**	**406,963**
Amortisation, depreciation, provisions and impairment losses		
Amortisation/depreciation	(161,866)	(147,858)
Provisions and impairment losses	(46,190)	(44,488)
Total amortisation, depreciation, provisions and impairment losses	**(208,056)**	**(192,346)**
OPERATING PROFIT	**206,481**	**214,617**
Financial income and expense		
Financial income	21,324	17,438
Financial expense	(92,724)	(66,324)
Net financial expense	**(71,400)**	**(48,886)**
Share of profit (loss) of associates accounted for using the equity method	15,009	13,641
Impairment losses on investments	(10,200)	-
Profit before tax	**139,890**	**179,372**
Income tax	(67,029)	(81,447)
Profit/(loss) for the period from continuing operations	**72,861**	**97,925**
Profit/(loss) from discontinued operations	2,374	2,739
Profit/(loss) for the period	**75,235**	**100,664**
attributable to:		
- Owners of the Parent	67,717	95,018
- Non-controlling interests	7,518	5,646

(1) The figures are restated to reflect the recognition of Sasternet under assets held for sale.

Statement of comprehensive income

thousands of euro

	First nine months 2012	First nine months 2011
Profit/(loss) for the period - Owners of the parent and non-controlling interests (A)	**75,235**	**100,664**
Other comprehensive income		
- effective portion of changes in fair value of cash flow hedges	(18,606)	(3,849)
- change in fair value of available-for-sale financial assets	-	(497)
- share of other profits (losses) of companies accounted for using the equity method	1,587	82
Tax effect of other comprehensive income	6,411	565
Total other comprehensive income, net of tax effect (B)	**(10,608)**	**(3,699)**
Total comprehensive income/(expense) (A)+(B)	**64,627**	**96,965**
attributable to:		
- Owners of the Parent	57,140	91,370
- Non-controlling interests	7,487	5,595

Consolidated Statement of Cash Flows

thousands of euro

	First nine months 2012	First nine months 2011
A. Opening cash and cash equivalents	**44,758**	**144,112**
Cash flows from operating activities		
Profit/(loss) for the period	75,235	100,664
Adjustments:		
Amortisation of intangible assets and depreciation of property, plant and equipment and investment property	161,866	148,464
Capital gains (losses) and other equity changes	2,851	(479)
Net change in post-employment benefits and other employee benefits	1,365	(1,046)
Net change in provision for risks and other charges	(9,450)	27,787
Profit from the sale of discontinued operations net of tax effects	(574)	(1,895)
Change in deferred tax assets and liabilities	2,507	(4,352)
Change in other non-current assets/liabilities	2,050	5,650
Dividends received	(421)	(3)
Share of profit (loss) of associates	(15,009)	(13,641)
Net impairment losses (reversals of impairment losses) on non-current assets	8,166	1,334
B. Cash flows from operating activities before changes in NWC	**228,586**	**262,483**
Change in inventories	(42,879)	(2,881)
Change in trade receivables	42,997	56,877
Change in tax assets and other current assets	512	(48,622)
Change in trade payables	(62,438)	(242,440)
Change in tax liabilities and other current liabilities	100,852	(11,079)
C. Cash flows from changes in NWC	**39,044**	**(248,145)**
D. Operating cash flows (B+C)	**267,630**	**14,338**
Cash flows from/(used in) investing activities		
Investments in intangible assets and in property, plant and equipment and investment property	(221,053)	(339,787)
Investments in financial assets	(614)	(40)
Proceeds from the sale of investments and changes in assets held for sale	13,082	5,435
Disposal of discontinued operations net of transferred cash flows	8,660	28,209
Dividends received	9,071	10,144
E. Total cash flows from investing activities	**(190,854)**	**(296,039)**
F. Free cash flow (D+E)	**76,776**	**(281,701)**
Cash flows from financing activities		
Dividends paid	(22,282)	(121,297)
Other changes in equity	849	(53)
New non-current loans	330,200	353,258
Repayment of non-current loans	(221,540)	(60,829)
Change in financial receivables	35,950	(35,647)
Change in financial payables	(206,125)	52,449
G. Total cash flows from financing activities	**(82,948)**	**187,881**
H. Cash flows for the period (F+G)	**(6,172)**	**(93,820)**
I. Closing cash and cash equivalents (A+H)	**38,586**	**50,292**

Statement of changes in consolidated equity

	Share capital	Share premium reserve	Legal reserve
31/12/2010	**1,276,226**	**105,102**	**23,862**
Legal reserve			5,134
Dividends to shareholders			
Retained earnings			
Change in business combinations			
Changes in consolidation scope			
Other changes			
Comprehensive income for the period			
of which:			
- Profit for the period			
- Other comprehensive income			
30/09/2011	**1,276,226**	**105,102**	**28,996**
31/12/2011	**1,276,226**	**105,102**	**28,996**
Legal reserve			
Dividends to shareholders			
Losses carried forward			
Capital increase of subsidiaries			
Changes in consolidation scope			
Other changes			
Comprehensive income for the period			
of which:			
- Profit for the period			
- Other comprehensive income			
30/09/2012	**1,276,226**	**105,102**	**28,996**

thousands of euro

Hedging reserve	Available for sale reserve	Other reserves and retained earnings (losses)	Total reserves and retained earnings (losses)	Profit/(loss) for the period	Equity attributable to owners of the Parent	Equity attributable to non-controlling interests	Total equity
(17,029)	**(8,119)**	**328,884**	**432,700**	**143,104**	**1,852,030**	**229,590**	**2,081,620**
			5,134	(5,134)	-		-
		(10,975)	(10,975)	(97,504)	(108,479)	(12,818)	(121,297)
		40,466	40,466	(40,466)	-		-
		(109)	(109)		(109)	109	-
			-		-	(11,592)	(11,592)
		(52)	(52)		(52)	(1)	(53)
(3,320)	(328)		(3,648)	95,018	91,370	5,595	96,965
				95,018	95,018	5,646	100,664
(3,320)	(328)	-	(3,648)		(3,648)	(51)	(3,699)
(20,349)	**(8,447)**	**358,214**	**463,516**	**95,018**	**1,834,760**	**210,883**	**2,045,643**
(30,737)	**-**	**359,634**	**462,995**	**(107,890)**	**1,631,331**	**213,375**	**1,844,706**
			-		-		-
		(16,591)	(16,591)		(16,591)	(5,691)	(22,282)
		(107,890)	(107,890)	107,890	-		-
			-		-	849	849
		(7)	(7)		(7)	27	20
		(518)	(518)		(518)	(99)	(617)
(10,577)			(10,577)	67,717	57,140	7,487	64,627
				67,717	67,717	7,518	75,235
(10,577)	-	-	(10,577)		(10,577)	(31)	(10,608)
(41,314)	**-**	**234,628**	**327,412**	**67,717**	**1,671,355**	**215,948**	**1,887,303**

STATEMENT OF THE MANAGER IN CHARGE OF FINANCIAL REPORTING, PURSUANT TO THE PROVISIONS OF ART. 154-*BIS*, PARAGRAPH 2, OF LEGISLATIVE DECREE 58/1998 (CONSOLIDATED FINANCE ACT)

The undersigned manager in charge of IREN S.p.A. financial reporting, Massimo Levrino, hereby declares, pursuant to paragraph 2 of article 154-*bis* of the Consolidated Finance Act, that the Interim Report at 30 September 2012 corresponds to the accounting documents, records and books.

14 November 2012

IREN S.p.A.
Administration and Finance Director
Manager in charge of financial reporting
as per Law 262/05
Massimo Levrino